



Investment Banking

December 26, 2016

✓ **The Secretary**
BSE Limited
P J Towers
Dalal Street
Mumbai 400 001

The Secretary
The National Stock Exchange of India Limited
Exchange Plaza
Plot no. C/1, G Block
Bandra-Kurla Complex
Bandra (E)
Mumbai - 400 051

Dear Sir/Madam,

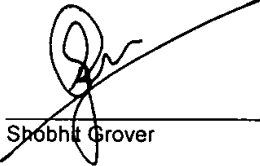
Sub: Buyback of 62,60,869 equity shares of INR 10/- each ("Share") of Vardhman Textiles Limited ("Company") at a price of INR 1,150/- per Share under tender offer route ("Buyback")

With respect to the above captioned Buyback, we have submitted the final Letter of Offer to SEBI and Stock Exchanges on December 26, 2016. Accordingly, we request you to find enclosed the Letter of Offer.

We request you to make a note of the above.

Yours Sincerely,

For **Kotak Mahindra Capital Company**



Shobhit Grover

Encl.: As above

Kotak Mahindra Capital Company Limited

CIN U67120MH1995PLC134050

Registered Office:

27BKC

C - 27, "G" Block

Bandra Kurla Complex

Bandra (East), Mumbai - 400 051, India

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LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a registered Equity Shareholder of Vardhman Textiles Limited (the "Company") as on the Record Date in accordance with Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended. If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager to the Buyback Offer (Kotak Mahindra Capital Company Limited) or the Registrar to the Buyback Offer (Alankit Assignments Limited). Please refer to the section on 'Definitions' for the definition of the capitalized terms used herein.

Vardhman Textiles Limited

Registered Office: Chandigarh Road,
Ludhiana, Punjab, 141010
Corporate Identification Number (CIN): L17111PB1973PLC003345
Telephone: +91 161-2228943; Fax: +91 161-2601048;
Contact Person: Ms. Karan Kamal Walia, Company Secretary
Email: secretarial.lud@vardhman.com
Website: www.vardhman.com



Vardhman

Delivering Excellence Since 1965.

CASH OFFER TO BUYBACK NOT EXCEEDING 62,60,869 FULLY PAID-UP EQUITY SHARES OF FACE VALUE RS. 10/- EACH, REPRESENTING 9.84% OF THE TOTAL NUMBER OF EQUITY SHARES IN THE ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY, FROM ALL THE EXISTING SHAREHOLDERS / BENEFICIAL OWNERS OF EQUITY SHARES OF THE COMPANY AS ON THE RECORD DATE I.E. DECEMBER 9, 2016, ON A PROPORTIONATE BASIS, THROUGH THE "TENDER OFFER" ROUTE AT A PRICE OF Rs. 1,150/- (RUPEES ONE THOUSAND ONE HUNDRED FIFTY ONLY) PER EQUITY SHARE FOR AN AGGREGATE AMOUNT OF Rs. 719,99,99,350/- (RUPEES SEVEN HUNDRED NINETEEN CRORES NINETY NINE LACS NINETY NINE THOUSAND THREE HUNDRED FIFTY ONLY)

- 1) The Buyback is in accordance with Article 82 of the Articles of Association of the Company and subject to the provisions of Section 68 and all other applicable provisions, if any, of the Companies Act, 2013, the Companies (Share Capital and Debentures) Rules, 2014, the Companies (Management and Administration) Rules, 2014 and in compliance with Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 including any amendments, statutory modifications or re-enactments thereof, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary, from time to time from statutory authorities including but not limited to Securities and Exchange Board of India, National Stock Exchange of India, Bombay Stock Exchange, Reserve Bank of India, etc.
- 2) The Buyback Offer Size is 19.73% of the fully paid-up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016 and is within the statutory limits of 25% of the fully paid-up equity share capital and free reserves as per the last audited accounts of the Company.
- 3) This Letter of Offer is sent to the Equity Shareholder(s) / Beneficial Owner(s) of Equity Shares of the Company as on the Record Date i.e. December 9, 2016.
- 4) The procedure for tender and settlement is set out in paragraph 24 of this Letter of Offer. The tender form ("Tender Form") is enclosed together with this Letter of Offer.
- 5) For mode of payment of consideration to the Equity Shareholders, please refer to paragraph 24(21) of Letter of Offer.
- 6) A copy of the Public Announcement issued on November 28, 2016 and this Letter of Offer (including Tender Form) is available on the website of Securities and Exchange Board of India - <http://www.sebi.gov.in>
- 7) Equity Shareholders are advised to refer to paragraph 0 (Details of Statutory Approvals) and paragraph 25 (Note on Taxation) before tendering their Equity Shares in the Buyback.

BUYBACK OPENS ON: JANUARY 4, 2017 (WEDNESDAY)

BUYBACK CLOSES ON: JANUARY 17, 2017 (TUESDAY)

LAST DATE OF RECEIPT OF COMPLETED TENDER FORMS AND OTHER SPECIFIED DOCUMENTS INCLUDING PHYSICAL SHARE CERTIFICATES BY THE REGISTRAR AND TRANSFER AGENT: JANUARY 19, 2017 (THURSDAY)

MANAGER TO THE BUYBACK



kotak[®]
Investment Banking

Kotak Mahindra Capital Company Limited
27BKC, 1st floor, Plot no. C-27, "G" Block,
Bandra Kurla Complex, Bandra (East), Mumbai 400 051
Tel: +91 22 22 4336 0128
Fax: +91 22 22 6713 2447
Email: project.vardhmanbuyback@kotak.com
Contact Person: Mr. Ganesh Rane
SEBI Registration Number: INM000008704
CIN: U67120MH1995PLC134050/

REGISTRAR TO THE BUYBACK

Alankit

Health & Wealth. We Manage Both

Alankit Assignments Limited
Alankit-Heights, 1E/13,
Jhandewalan Extension, New Delhi 110055
Tel: +91 11 4254 1960
Fax: +91 11 4154 3474
Email: alankit.vtl@alankit.com; jksingla@alankit.com
Contact Person : Mr. JK Singla
SEBI Registration: INR000002532
CIN: U74210DL1991PLC042569

The Offer is pursuant to SEBI (Buy Back of Securities) Regulations, 1998 and subsequent amendments as well as in accordance with provisions of Section 68 and all other applicable provisions, if any, of the Companies Act, 2013

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1.

SCHEDULE OF ACTIVITIES

| Activity | Schedule of activities | |
|--|----------------------------------|------------|
| | Date | Day |
| Date of Board Meeting approving the proposal for the Buyback | 24 th September, 2016 | Saturday |
| Public Announcement of Buyback | 28 th November 2016 | Monday |
| Record Date for determining the Buyback Entitlement and the names of Eligible Shareholders. | 9 th December 2016 | Friday |
| Buyback Opens on | 4 th January 2017 | Wednesday |
| Buyback Closes on | 17 th January 2017 | Tuesday |
| Last date of receipt of completed Tender Forms and other specified documents including physical share certificates by the Registrar and Transfer Agent | 19 th January 2017 | Thursday |
| Last date of verification by Registrar | 19 th January 2017 | Thursday |
| Last date of providing Acceptance to the Stock Exchange by the Registrar | 24 th January 2017 | Tuesday |
| Last date of settlement of bids on the Stock Exchange | 25 th January 2017 | Wednesday |
| Last date of dispatch of share certificate(s) by RTA / return of unaccepted demat shares by Stock Exchange to Selling Member | 25 th January 2017 | Wednesday |
| Last Date of Extinguishment of Shares | 1 st February 2017 | Wednesday |

KEY DEFINITIONS

| | |
|---|--|
| Acceptance Form | Tender Form |
| Act | The Companies Act, 2013, as amended |
| Articles | Articles of Association of the Company |
| Board | Board of Directors of the Company |
| Board Meeting | Meeting of Board of Directors of Vardhman Textiles Limited held on 24 th September, 2016 |
| Bank | Kotak Mahindra Bank Limited |
| BSE | BSE Limited |
| Buyback Regulations | Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998 |
| Buyback Committee or Committee | Buyback committee comprising of Mr. S.P. Oswal, Chairman & Managing Director, Mr. Sachit Jain and Mr. Neeraj Jain, Joint Managing Directors of the Company, constituted on 24th September, 2016 |
| Buyback Entitlement or Entitlement | The number of Equity Shares that an Eligible Shareholder is entitled to tender, in the Buyback, based on the number of Equity Shares held by such Eligible Shareholder, on the Record Date and the ratio / percentage of Buyback applicable to such Shareholder |
| Buyback or Buyback Offer or Offer | Offer to buyback 62,60,869 Equity Shares of Rs.10/- each of Vardhman Textiles Ltd at a price of Rs. 1,150/- per Equity Share in accordance with the regulations and relevant provisions of the Act via the tender offer route |
| Buyback Price or Offer Price | Price at which shares will be bought back from the shareholders i.e. Rs. 1,150/- per Equity Share |
| Buyback Size or Offer Size | Number of Equity Shares proposed to be bought back multiplied by the Buyback Price i.e. Rs. 1,150/- |
| Closing Date | January 17, 2017 |
| Company | Vardhman Textiles Limited |
| Companies Act | The Companies Act, 2013, as amended |
| Draft LOF or Draft Letter of Offer | Draft Letter of Offer dated December 1, 2016 |
| DP | Depository Participant |
| Equity Share(s) or Share(s) | The Company's fully paid-up equity share(s) of face value of Rs. 10/- (Rupees Ten) each |
| Equity Shareholder(s) or Shareholder(s) or Members | Holders of the Equity Shares of the Company |
| Eligible Person(s) or Eligible Shareholder(s) | Person(s) eligible to participate in the Buyback Offer and would mean all equity shareholders/beneficial owner(s) of Equity Shares of the Company as on Record Date i.e. December 9, 2016 and excludes Person(s) who do not have the capacity under applicable law to tender shares. |
| Escrow Account | Escrow account opened in accordance with Buyback Regulations, in the name of 'Vardhman Textiles Buyback - Escrow Account' bearing the account number 0112527266 |
| Escrow Agent | Kotak Mahindra Bank Limited |
| Escrow Agreement | The escrow agreement entered into between the Company, the Manager to the Offer and Kotak Mahindra Bank Limited |
| FEMA | Foreign Exchange and Management Act, 1999 |
| General Category | Eligible Shareholders other than the Small Shareholders |
| IT Act/ Income Tax Act | Income-tax Act, 1961, as amended |
| LOF or Letter of Offer | Letter of Offer dated December 21, 2016 |
| Manager to the Buyback or Manager to the Offer | Kotak Mahindra Capital Company Limited |

| | |
|---|---|
| NSE | National Stock Exchange of India Limited |
| OCB | Overseas Corporate Bodies |
| Offer Period or Tendering Period | Period of ten working days from the date of opening of the Buyback Offer i.e. January 4, 2017 till its closure i.e. January 17, 2017 (both days inclusive) |
| Opening Date | January 4, 2017 |
| PA or Public Announcement | The Public Announcement, made in accordance with the Buyback Regulations, dated November 28, 2016, published on November 28, 2016 in all editions of The Business Standard (English national daily), Business Standard (Hindi national daily), Ludhiana edition of Suraj (Regional language daily – Punjabi) and Chandigarh edition of Desh Sevak (Regional language daily – Punjabi), each with wide circulation |
| PAN | Permanent Account Number |
| RBI | Reserve Bank Of India |
| Record Date | The date for the purpose of determining the entitlement and the names of the Equity Shareholders, to whom this Letter of Offer will be sent and who are eligible to participate in the Buyback Offer in accordance with Buyback Regulations. This date shall be December 9, 2016 |
| Registrar to the Buyback or Registrar to the Offer | Alankit Assignments Limited |
| Reserved Category | The Small Shareholders eligible to tender Shares in the Buyback |
| SEBI | The Securities and Exchange Board of India |
| SEBI Circular | "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/ CFD/POLICYCELL/1/2015 dated April 13, 2015 |
| Seller Member or Seller Broker | A Stock broker (who is a member of the BSE) of an Eligible Shareholder, through whom the Eligible Shareholder wants to participate in the Buyback |
| Small Shareholder | An Equity Shareholder, who holds Equity Shares of market value not more than Rs. 200,000/- (Rupees Two Lacs Only), on the basis of closing price on the recognized stock exchange registering the highest trading volume, as on Record Date i.e. December 9, 2016 |
| Share Capital Rules | Companies (Share Capital and Debentures) Rules, 2014 |
| Shareholders | Holders of Equity Shares and includes beneficial owners thereof |
| Stock Exchanges | National Stock Exchange of India Limited together with BSE Limited |
| Takeover Regulations | The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended |
| Tender Offer | Method of buyback as defined in Regulation 2(1)(o) of the Buyback Regulations |
| TRS | Transaction Registration Slip |

DISCLAIMER CLAUSE

As required, a copy of this Letter of Offer has been submitted to the SEBI.

It is to be distinctly understood that submission of the Letter of Offer to SEBI should not, in any way be deemed/construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of the Company to meet the Buyback commitments or for the correctness of the statements made or opinions expressed in the offer document. The Manager to the Buyback, Kotak Mahindra Capital Company Limited certifies that the disclosures made in the offer document are generally adequate and are in conformity with the provisions of the Companies Act and the Buyback Regulations. This requirement is to facilitate investors to take an informed decision for tendering their Shares in the Buyback.

It should also be clearly understood that while the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the offer document, the Manager to the Buyback is expected to exercise due diligence to ensure that the Company discharges its duty adequately in this behalf and towards this purpose, the Manager to the Buyback, Kotak Mahindra Capital Company Limited has furnished to SEBI a Due Diligence Certificate dated December 1, 2016 in accordance with Buy-Back Regulations, which reads as follows:

"We have examined various documents and material papers relevant to the Buyback, as part of the due-diligence carried out by us in connection with the finalisation of the Public Announcement and Letter of Offer. On the basis of such examination and the discussions with the Company, we hereby state that:

- The Public Announcement and Letter of Offer are in conformity with the documents, materials and papers relevant to the Buyback.
- All legal requirements connected with the said offer including SEBI (Buy-Back of Securities) Regulations, 1998, have been duly complied with.
- The disclosures in the Public Announcement and Letter of Offer are, to the best of our knowledge, true, fair and adequate in all material respects for the shareholders of the Company to make a well-informed decision in respect of the Buyback.
- Funds used for Buyback shall be as per the provisions of the Companies Act, 2013, as amended"

The filing of the Letter of Offer with SEBI does not however, absolve the Company from any liabilities under the provisions of the Companies Act or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed Buyback.

Promoters/ directors of the Company declare and confirm that no information/ material likely to have a bearing on the decision of investors has been suppressed/ withheld and/ or incorporated in the manner that would amount to mis-statement/ mis-representation and in the event of it transpiring at any point of time that any information/ material has been suppressed/ withheld and/ or amounts to a mis-statement/ misrepresentation, the promoters/ directors and the Company shall be liable for penalty in terms of the provisions of the Companies Act and the Buyback Regulations.

The promoters/ directors also declare and confirm that funds borrowed from banks and financial institutions will not be used for the Buyback.

Disclaimer for U.S. Persons

The information contained in this Letter of Offer is exclusively intended for persons who are not U.S. Persons in term of the U.S. Securities Act of 1933, as amended, and who are not physically present in the United States of America. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any such restrictions.

Disclaimer for Persons in other foreign countries

This Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. This Letter of Offer does not in any way constitute an offer to sell, or an invitation to sell, any securities in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation would subject the Company or the Manager to the Offer to any new or additional requirements or registrations. Potential users of the information contained in this Letter of Offer are requested to inform themselves about and to observe any applicable legal requirement or restrictions.

Forward Looking Statement:

This Letter of Offer contains certain forward-looking statements. These forward-looking statements generally can be identified by words or phrases such as 'aim', 'anticipate', 'believe', 'expect', 'estimate', 'intend', 'objective', 'plan', 'project', 'will', 'will continue', 'will pursue' or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward looking statement.

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, inter alia, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

4. DETAILS OF RESOLUTION PASSED AT THE BOARD MEETING

The Buyback through Tender Offer was considered and approved by the Board of Directors of the Company at their meeting held on September 24, 2016. The extracts of the Board resolution are as follows:

RESOLUTION:

Approval for the Buyback of Equity Shares of the Company:

"RESOLVED THAT in accordance with Article 82 of the Articles of Association of the Company and the provisions of Sections 68, 69 and 110 and all other applicable provisions, if any, of the Companies Act, 2013 (the "Act"), the Companies (Share Capital and Debentures) Rules, 2014 (the "Share Capital Rules"), the Companies (Management and Administration) Rules, 2014 (the "Management Rules"), including any amendments, statutory modifications or re-enactments thereof, for the time being in force and in compliance of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (the "Buyback Regulations"), and subject to such other approvals, permissions and sanctions as may be necessary and subject to any modifications and conditions, if any, as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which expression includes any Committee constituted by the Board to exercise its powers, including the powers conferred by this resolution) and further subject to shareholder approval, the consent of the Board of Directors of the Company be and is hereby accorded for the Buyback by the Company of its fully paid-up equity shares of a face value of Rs. 10/- each ("**Equity Share**"), from the members of the Company, for a total consideration not exceeding Rs. 720 crores (Rupees Seven Hundred Twenty Crores), excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc. (hereinafter referred to as the "**Buyback Size**"), (being less than 25% of the total paid-up equity capital and free reserves of the Company as per latest audited balance sheet as on March 31, 2016), at a price not exceeding Rs. 1,175/- (Rupees One Thousand One Hundred Seventy Five only) ("**Maximum Buyback Price**") per Equity Share payable in cash through the "**Tender Offer**" route (hereinafter referred to as the "**Buyback**"), in accordance and consonance with the provisions contained in the Buyback Regulations and the Act.

RESOLVED FURTHER THAT the Buyback, to the extent permissible under law and subject to all applicable legal provisions, be implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/ CFD/POLICYCELL/1/2015 dated April 13, 2015.

RESOLVED FURTHER THAT the Company shall implement the Buyback from out of its securities premium account and other free reserves and that the Buyback shall be through the tender offer route in such manner as may be prescribed under the Act and the Buyback Regulations and on such terms and conditions as the Board of Directors may deem fit.

RESOLVED FURTHER THAT as required by Regulation 6 of the Buyback Regulations, the Company shall buy back Equity Shares from the shareholders on a proportionate basis under the Tender Offer, provided 15% of the number of Equity Shares which the Company proposes to buy back or number of Equity Shares entitled as per the shareholding of small shareholders at Record Date, whichever is higher, shall be reserved for small shareholders, as defined in the Buyback Regulations.

RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of any shareholder to offer, or any obligation on the part of the Company or the Board of Directors to buyback any shares and/or impair any power of the Company or the Board of Directors to terminate any process in relation to such Buyback if so permissible by law.

RESOLVED FURTHER THAT the Company shall earmark adequate sources of funds for the purpose of the Buyback.

RESOLVED FURTHER THAT a Buyback Committee comprising of Mr. S.P. Oswal, Chairman & Managing Director, Mr. Sachit Jain and Mr. Neeraj Jain, Joint Managing Directors of the Company be and is hereby constituted and the powers of the Board in respect of Buyback be delegated to the Committee ("Buyback Committee") and each member of the Buyback Committee is hereby severally authorized to do all such acts, deeds and things as may be necessary, expedient or proper with regard to the implementation of the buy back, including, but not limited to, the following:

1. The appointment of Merchant Banker, Registrar, Broker, DP, Printers, Advertisement Agency and other Advisors, Consultants or Representatives.
2. The initiating of all necessary actions for preparation of postal ballot notice along with explanatory statement and seek shareholder approval for the Buyback.
3. The initiating of all necessary actions for preparation and issue of Public Announcement, Letter of Offer and related documents.
4. The filing of Public Announcement, draft Letter of Offer, Letter of Offer related documents and also the certificate for Declaration of Solvency.
5. The making of all applications to the appropriate authorities for their requisite approvals.
6. Earmarking and making arrangements for adequate sources of funds for the purpose of the Buyback.
7. The opening, operation and closure of cash Escrow Account and Special Account in accordance with the Escrow Agreement.
8. The opening, operation and closure of demat Escrow Account in accordance with the DP Escrow Agreement.
9. To settle all such questions, difficulties or doubts that may arise in relation to the implementation of the Buyback.
10. To sign the documents as may be necessary with regard to the Buyback and use the Common Seal of the Company on relevant documents required to be executed for the Buyback of shares.
11. Extinguishment of share certificates and Certificate(s) of extinguishment required to be filed in connection with the Buyback on behalf of the Board.
12. To do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper.
13. Sign, execute and deliver such documents as may be necessary or desirable in connection with or incidental to the Buyback.
14. To delegate all or any of the authorities conferred as above to any Officer(s) / Authorized Representative(s) of the Company to give effect to the aforesaid resolution or to accept any change(s) or modification(s) as may be suggested by the appropriate authorities or Advisors".

RESOLVED FURTHER THAT the Buyback Committee shall have the power and authority to delegate all or any of the authorities conferred upon it to any officer(s) and/or representatives of the Company, in order to give effect to the aforesaid resolutions and to revoke and substitute such delegation / sub-delegation of authority from time to time.

RESOLVED FURTHER THAT the quorum for a meeting of the Buyback Committee shall be presence of any two members and Buyback Committee may regulate its own proceedings and meet as often as required, to discharge its functions.

RESOLVED FURTHER THAT the Ms. Karan Kamal Walia, Company Secretary shall act as a Secretary to the Buyback Committee.

RESOLVED FURTHER THAT the Buyback Committee do report from time to time to the Board at the meeting of the Board, status/progress of actions taken by the Buyback Committee concerning buyback and the minutes of meeting(s) of the Buyback Committee held in the intervening period of two successive meetings of the Board shall be put up at the subsequent meeting of the Board.

RESOLVED FURTHER THAT in compliance with Securities and Exchange Board of India (Buyback of Securities) Regulations 1998, Kotak Mahindra Capital Company Limited be appointed as Merchant Banker for the proposed buyback transaction

RESOLVED FURTHER THAT the Board confirms that it has made a full enquiry into the affairs and prospects of the Company and has formed the opinion –

1. That immediately following the date of Board Meeting held on 24th September, 2016, there will be no grounds on which the Company can be found unable to pay its debts.
2. That as regards the Company's prospects for the year immediately following that date and having regard to the Board's intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources, which will, in the Board's view, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date.
3. In forming its opinion aforesaid, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Act (including prospective and contingent liabilities).

RESOLVED FURTHER THAT the Board hereby confirms that:

- a) All the equity shares for Buyback are fully paid-up;
- b) That the Company has noted that the Company shall not issue and allot any Equity Shares including by way of bonus or convert any outstanding ESOPs/outstanding instruments into Equity Shares, till the date of closure of this Buyback;
- c) That the Company, as per provisions of Section 68(8) of the Companies Act, shall not make further issue of the same kind of shares or other specified securities within a period of six months after the completion of the Buyback except by way of bonus shares or equity shares issued to discharge subsisting obligations such as conversion of warrants, stock option schemes, sweat equity or conversion of preference shares or debentures into equity shares;
- d) That the Company shall not buyback its shares from any person through negotiated deal whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback;
- e) That there are no defaults subsisting in the repayment of Deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
- f) That funds borrowed from Banks and Financial Institutions will not be used for the Buyback;
- g) That the aggregate amount of the Buyback i.e. Rs. 720 crores (Rupees Seven Hundred Twenty Crores) does not exceed 25% of the total paid-up equity capital and free reserves of the Company as on March 31, 2016;
- h) That the maximum number of shares proposed to be purchased under the Buyback does not exceed 25% of the total number of shares in the paid-up equity capital as per the audited balance sheet as on March 31, 2016;
- i) That the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves after the Buyback.

5. DETAILS OF PUBLIC ANNOUNCEMENT

The Public Announcement dated November 28, 2016 was made in the following newspapers, in accordance with Regulation 8(1) of the Buyback Regulations, within two working days from the date of passing the resolution by the members of the Company, on November 24, 2016:

| Publication | Language | Editions |
|-------------------|----------|------------|
| Business Standard | English | All |
| Business Standard | Hindi | All |
| Suraj | Punjabi | Ludhiana |
| Desh Sewak | Punjabi | Chandigarh |

In addition, with an objective to disseminate the details of the Public Announcement with wider shareholder base, the Company has also released the Public Announcement in the following newspapers:

| Publication | Language | Editions |
|----------------|----------|-------------------------------|
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6. DETAILS OF THE BUYBACK OFFER

1. The Board of Directors of Vardhman Textiles Limited at its meeting held on 24th September, 2016 has approved the Buyback of 61,27,659 Equity Shares at a maximum price of Rs. 1,175/- (Rupees One Thousand One Hundred Seventy Five Only) per Equity Share up to an aggregate amount not exceeding Rs. 720 crore (Rupees Seven Hundred Twenty Crore Only) excluding the transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc., which is 19.73 % of the total paid-up equity capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016, through the "Tender Offer" route as prescribed under the Buyback Regulations on a proportionate basis, from the equity shareholders / beneficial owners of the Equity Shares of the Company as on the Record Date, in accordance with the provisions of the Act, Rules thereunder, and the Buyback Regulations. The Buyback is subject to receipt of any approvals, permissions and sanctions of

statutory, regulatory or governmental authorities as may be required under applicable laws, including SEBI, and the Stock Exchanges.

2. Pursuant to the Shareholders approval, the Committee at its meeting held on November 25, 2016 have determined the final Buy-back Price of Rs. 1,150/- (Rupees One Thousand One Hundred Fifty Only) ("**Buy-back Price**") and the final aggregate amount for Buyback to be Rs. 719,99,99,350/- (Rupees Seven Hundred Nineteen Crores Ninety Nine Lacs Ninety Nine Thousand Three Hundred Fifty Only) ("**Buyback Size**") excluding transaction costs viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc., which is 19.73% of the total paid-up equity capital and free reserves as per the standalone audited accounts of the Company for the financial year ended March 31, 2016. With the Buy-back Price of Rs. 1,150/- and Buyback Size of Rs. 719,99,99,350/-, the total number of shares to be bought back in the Buyback shall be 62,60,869 Equity Shares, representing 9.84% of the total issued and paid-up equity capital of the Company.
3. The Buyback shall be undertaken on a proportionate basis from the Shareholders as of the Record Date being December 9, 2016 through the Tender Offer. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares by such Shareholders and settlement of the same, as prescribed in the SEBI Circular.
4. In terms of the Buyback Regulations, under Tender Offer, the Promoter and Promoter Group have the option to participate in the Buyback. In this regard, the Promoter and Promoter Group have informed the Company vide their letter dated 24th September, 2016 regarding their intention to participate in the Buyback. The extent of their participation in the Buyback has been detailed in clause 11.5 of this announcement.
5. The Buyback Price represents a premium of 15.90% and 15.48% over the volume weighted average price of the Equity Shares on BSE and on NSE respectively for 3 months preceding 20th September, 2016 (the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback) and 16.11% and 14.61% over the volume weighted average price of the Equity Shares on the BSE and on the NSE, respectively for 2 weeks preceding 20th September, 2016 (the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback).
6. The aggregate paid-up share capital and free reserves of the Company as on 31st March, 2016 was Rs. 3,649.08 crores (Rupees Three Thousand Six Hundred Forty Nine crore Eight lacs Only) and under the provisions of the Act, the funds deployed for Buyback shall not exceed 25% of the paid-up capital and free reserves of the Company under shareholder approval route. Accordingly, the maximum amount that can be utilised in the present Buyback is Rs. 912.27 crores (Rupees Nine Hundred Twelve crores Twenty Seven lacs Only). The aggregate amount proposed to be utilised for the Buyback is Rs. 719,99,99,350/- (Rupees Seven Hundred Nineteen Crores Ninety Nine Lacs Ninety Nine Thousand Three Hundred Fifty Only), which is within the maximum amount as aforesaid.
7. Further, under the Companies Act, the number of equity shares that can be bought back during the financial year shall not exceed 25% of the paid-up equity shares of the Company. Accordingly, the number of equity shares that can be bought back during the financial year cannot exceed 15,912,970 equity shares being 25% of 63,651,879 equity shares of face value of Rs. 10/- each. Since the Company proposes to Buyback up to 62,60,869 equity shares, the same is within the aforesaid 25% limit.
8. Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the Promoter and Promoter group in the Company may increase over the existing 62.23% holding in the total equity capital and voting rights of the Company. The promoter and promoter group of the Company are already in control over the Company and therefore such further increase in voting rights of the promoter group will not result in any change in control over the Company.

7. **AUTHORITY FOR THE BUYBACK**

The Buyback is being undertaken by the Company in accordance with Article 82 of the Articles, the provisions of section 68, 69, 70 and other applicable provisions of the Companies Act, the Rules thereunder and the Buyback Regulations. The Buyback is subject to such other approvals and permissions, as may be required from statutory, regulatory or governmental authorities under applicable laws.

The Board at its meeting dated September 24, 2016, passed a resolution approving the Buyback of Equity Shares of the Company and sought approval of its Shareholders, by a special resolution, through a Postal Ballot Notice dated September 24, 2016. The Shareholders of the Company have approved the Buyback by way of a special resolution, through the postal ballot, on November 24, 2016.

8. **NECESSITY FOR BUYBACK**

The Board of the Company, at its meeting held on 24th September, 2016, considered all relevant factors, including the present debt to equity of the Company, investments planned in the next 2-3 years as well as the increase in accumulated free reserves (including a one-time cash inflow on account of a partial stake sale in a subsidiary), and considered it appropriate to allocate a sum not exceeding Rs. 720 crores (Rupees Seven Hundred and Twenty Crores Only) for distributing to the members holding equity shares of the Company, through a Buyback.

Thus, after considering several factors as well as benefits to the members holding equity shares of the Company, the Board decided to recommend Buyback not exceeding 61,27,659 equity shares (aggregating up to 9.63% of the paid-up equity share capital of the Company) at a maximum price of Rs. 1,175/- (Rupees One Thousand One Hundred Seventy Five) per equity share for an aggregate consideration of up to Rs. 720 Crores (Rupees Seven Hundred Twenty Crores Only).

Subsequently, the Buyback Committee in its meeting held on November 25, 2016 determined the final price as Rs. 1,150/- (Rupees One Thousand One Hundred Fifty Only) per equity share, aggregate consideration for Buyback of up to Rs. 719,99,99,350 (Rupees Seven Hundred Nineteen Crores Ninety Nine Lacs Ninety Nine Thousand Three Hundred Fifty Only), implying buyback of 62,60,869 equity shares

Buyback is a way of rewarding shareholders in an expedient, efficient and cost effective manner. Additionally, the Company's management strives to increase shareholders' value and the Buyback would result in, amongst other things;

- Distribution of surplus funds to the members holding equity shares broadly in proportion to their shareholding, thereby, enhancing the overall return to members;
- Enhancing shareholders' confidence;
- Achieving optimal capital structure;
- Mitigating the short term market volatility
- The Buyback, which is being implemented through the Tender Offer route as prescribed under the Buyback Regulations, would involve allocation of 15% of the outlay to small shareholders. The Company believes that this reservation of 15% for small shareholders would benefit a large number of public shareholders, who would get classified as "small shareholder";
- The Buyback would help in improving return on equity, by reduction in the equity base, thereby leading to long term increase in shareholders' value;
- The Buyback gives an option to the members holding equity shares of the Company, who can choose to participate and get cash in lieu of Equity Shares to be accepted under the Buyback Offer or they may choose to not participate and enjoy a resultant increase in their percentage shareholding, post the Buyback Offer, without additional investment.

9. **MAXIMUM AMOUNT REQUIRED UNDER THE BUYBACK**

The maximum amount required under the Buyback would not exceed Rs. 719,99,99,350/- Crores (Rupees Seven Hundred Nineteen Crores Ninety Nine Lacs Ninety Nine Thousand Three Hundred Fifty Crores Only), which is 19.73% of the total paid-up capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016 (excluding transaction costs viz.

brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc.)

The Buyback would be financed out of free reserves of the Company. The Company shall transfer from its free reserves a sum equal to the nominal value of the equity shares bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited Balance Sheet.

The Company confirms that as required under Section 68(2)(d) of the Act, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the paid-up equity share capital and free reserves after the Buyback.

10. **MAXIMUM PRICE FOR BUYBACK OF THE EQUITY SHARES**

The Equity Shares are proposed to be bought back at a price of Rs. 1,150/- (Rupees One Thousand One Hundred Fifty only). The Buyback Price has been arrived at after considering many factors, including, but not limited to the trends in the volume weighted average prices of the Equity Shares of the Company on the BSE and NSE Stock Exchanges where the Equity Shares of the Company are listed during last three months and two weeks, the net worth of the Company and impact of Buyback on the key financial ratios of the Company.

The Buyback Price represents a premium of 15.90% and 15.48% over the volume weighted average price of the Equity Shares on BSE and on NSE respectively for 3 months preceding September 20, 2016 (the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback) and 16.11% and 14.61% over the volume weighted average price of the Equity Shares on BSE and on NSE, respectively for 2 weeks preceding September 20, 2016 (the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback).

11. **MANAGEMENT DISCUSSION AND ANALYSIS ON LIKELY IMPACT OF THE BUYBACK ON THE COMPANY**

1. The Buyback is not likely to cause any impact on the profitability/ earnings of the Company, except to the extent of reduction of in the amount available for investment, which the Company could have otherwise deployed towards generating investment income. In the event that there is 100% acceptance of the Equity Shares tendered in the Buyback from Shareholders on a proportionate basis, the funds deployed by the Company towards the Buyback would be Rs. 719,99,99,350/- (Seven Hundred Nineteen Crores Ninety Nine Lacs Ninety Nine Thousand Three Hundred Fifty Only). This shall impact the investment income earned by the Company, on account of reduced amount of funds available for investments.
2. The Buyback is not expected to impact growth opportunities for the Company.
3. The Buyback is expected to contribute to the overall enhancement of shareholder value and result in an increase in the return on equity of the Company.
4. The Buyback will not result in a change in control or otherwise affect the existing management structure of the Company.
5. In terms of the Buyback Regulations, under the Tender Offer route, the promoters of the Company have the option to participate in the Buyback. In this regard, the promoter and promoter group of the Company have expressed their intention vide their letter dated September 24, 2016, to tender their Equity Shares in the Buyback. The Promoter and promoter group hereby intend to participate in the Buyback and offer up to an aggregate maximum number of 50,52,873 Equity Shares or such lower number of Equity Shares depending up on the response received in the buyback from the public shareholders and subject to the combined shareholding of the promoter and promoter group remaining at least 60% of the post buyback total paid up equity capital to the extent possible.
Please see below the break-up of the aggregate maximum number of Equity Shares intended to be tendered by each of the Promoter and Promoter Group in the Buyback:

| Sr. No. | Name of the Promoter and Promoter Group entity | Maximum Number of Equity Shares intended to be tendered |
|---------|--|---|
| | | 16,55,549 |
| 1. | Adishwar Enterprises LLP | 7,20,561 |
| 2. | Devakar Investment & Trading Co Pvt Ltd | 13,984 |
| 3. | Mahavir Spinning Mills Pvt. Ltd | 21,941 |
| 4. | Srestha Holdings Pvt. Ltd | 64,498 |
| 5. | Santon Finance & Investment Co Ltd | 75,328 |
| 6. | Flamingo Finance & Investment Co Ltd | 59,961 |
| 7. | Ramaniya Finance & Investment Co Ltd | 45,740 |
| 8. | Anklesh Investments Pvt. Ltd | 13,238 |
| 9. | Pradeep Mercantile Co. Pvt. Ltd | 107 |
| 10. | Plaza Trading Co Pvt. Ltd | 69,844 |
| 11. | Marshall Investment & Trading Co Pvt. Ltd | 3,862 |
| 12. | Syracuse Investment & Trading Co Pvt. Ltd | 84,464 |
| 13. | S.P. Oswal | 19,591 |
| 14. | Shakun Oswal | 5,103 |
| 15. | Sachit Jain | 34,546 |
| 16. | Suchita Jain | 1,017 |
| 17. | Soumya Jain | 987 |
| 18. | Sagrika Jain | 11,003 |
| 19. | Ambar Syndicate | 11,678 |
| 20. | Paras Syndicate | 10,531 |
| 21. | Northern Trading Co | 7,531 |
| 22. | Eastern Trading Co | 19,77,150 |
| 23. | Vardhman Holdings Ltd | 1,44,659 |
| 24. | VTL Investments Ltd | 50,52,873 |
| | Total | |

Note: The entities Srestha Holdings Pvt. Ltd, Anklesh Investments Pvt. Ltd, Pradeep Mercantile Co. Pvt. Ltd, Plaza Trading Co. Pvt. Ltd, Marshall Investment & Trading Co. Pvt. Ltd and Syracuse Investment & Trading Co. Pvt. Ltd ("Transferor Companies") have been amalgamated with Devakar Investment & Trading Co. Pvt. Ltd ("Transferee Company"), effective 5th Oct 2016. However the process of placing the shares into the Transferee Company's account is underway. Based on the status of the process, Devakar Investment & Trading Co. Pvt. Ltd. may cumulatively tender the shares in the Buyback or the shares may be tendered from the respective folios of the Transferor Companies and Transferee Company as mentioned above.

Details of the date and price of acquisition of the Equity Shares that promoters intend to tender are set-out below:

| ADISHWAR ENTERPRISES LLP | | | | | |
|--------------------------|------------------|---------------------|------------------------------------|-----------------------|--|
| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction | |
| | | | | Purchase | |
| 27-Jul-78 | 42,542 | 10 | 4.72 | Allotment on demerger | |
| 07-Aug-82 | 3,103 | 10 | 12.13 | Allotment on demerger | |
| 31-Mar-83 | 2,26,562 | 10 | - | Allotment on demerger | |
| 16-Jun-83 | 14,957 | 10 | - | Allotment on demerger | |
| 16-Jun-83 | 3,354 | 10 | 12.13 | Allotment on demerger | |
| 01-Aug-84 | 3,456 | 10 | 3.52 | Allotment on demerger | |
| 30-Nov-84 | 600 | 10 | 10.44 | Allotment on demerger | |
| 06-Dec-84 | 400 | 10 | 9.43 | Allotment on demerger | |
| 21-Jan-85 | 776 | 10 | 12.77 | Allotment on demerger | |
| 21-Jan-85 | 800 | 10 | 13.11 | Allotment on demerger | |
| 23-Jan-85 | 520 | 10 | 12.99 | Allotment on demerger | |
| 23-Jan-85 | 520 | 10 | 13.07 | Allotment on demerger | |
| 12-Feb-85 | 2,200 | 10 | 12.96 | Allotment on demerger | |
| 21-Feb-85 | 520 | 10 | 13.07 | Allotment on demerger | |
| 01-Mar-85 | 400 | 10 | 12.87 | Allotment on demerger | |
| 29-Mar-85 | 592 | 10 | 12.88 | Allotment on demerger | |
| 30-Nov-88 | 240 | 10 | 37.24 | Allotment on demerger | |
| 22-Nov-94 | 1,41,370 | 10 | - | Allotment on demerger | |
| 28-Sep-95 | 1,83,329 | 10 | - | Allotment on demerger | |
| 21-Dec-98 | 40 | 10 | 41.97 | Allotment on demerger | |

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 24-Mar-99 | 13,120 | 10 | 38.6 | Allotment on demerger |
| 26-Mar-99 | 680 | 10 | 44.7 | Allotment on demerger |
| 06-Dec-99 | 240 | 10 | 44.1 | Allotment on demerger |
| 08-Nov-00 | 10,674 | 10 | 4.72 | Allotment on demerger |
| 04-Oct-05 | 10,04,554 | 10 | - | Bonus |
| Total | 16,55,549 | | | |

DEVAKAR INVESTMENT & TRADING CO PVT. LTD

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 16-Jul-82 | 55,029 | 10 | - | Bonus |
| 16-Sep-83 | 50 | 10 | 18.61 | Purchase |
| 26-Feb-91 | 85,460 | 10 | - | Bonus |
| 03-Dec-94 | 4,93,150 | 10 | - | Bonus |
| 14-Jun-05 | 41,920 | 10 | - | Allotment on demerger |
| 04-Oct-05 | 44,952 | 10 | - | Bonus |
| Total | 7,20,561 | | | |

MAHAVIR SPINNING MILLS PVT. LTD

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 24-Mar-99 | 5,772 | 10 | 45.92 | Purchase |
| 03-Feb-00 | 1,326 | 10 | 45.92 | Allotment on demerger |
| 04-Oct-05 | 3,549 | 10 | - | Bonus |
| 31-May-13 | 1,856 | 10 | 264.72 | Purchase |
| 03-Jun-13 | 250 | 10 | 265.84 | Purchase |
| 03-Jun-13 | 700 | 10 | 265.86 | Purchase |
| 04-Jun-13 | 531 | 10 | 267.90 | Purchase |
| Total | 13,984 | | | |

SANTON FINANCE & INVESTMENT CO LTD

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 26-Feb-91 | 29,600 | 10 | - | Bonus |
| 03-Dec-94 | 34,898 | 10 | - | Bonus |
| Total | 64,498 | | | |

FLAMINGO FINANCE & INVESTMENT CO LTD

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 17-Oct-87 | 8 | 10 | 26.96 | Purchase |
| 29-Feb-88 | 530 | 10 | 16.98 | Purchase |
| 26-Feb-91 | 14,112 | 10 | - | Bonus |
| 17-Feb-94 | 300 | 10 | 101.54 | Purchase |
| 03-Dec-94 | 60,378 | 10 | - | Bonus |
| Total | 75,328 | | | |

RAMANIYA FINANCE & INVESTMENT CO LTD

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 26-Feb-91 | 18,174 | 10 | - | Bonus |
| 07-Jul-94 | 17 | 10 | 101.54 | Purchase |
| 03-Dec-94 | 41,770 | 10 | - | Bonus |
| Total | 59,961 | | | |

S.P.OSWAL

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 01-Apr-74 | 1 | 10 | 9.23 | Allotment |
| 29-Mar-76 | 2,800 | 10 | 9.23 | Allotment |
| 16-Jul-82 | 1,952 | 10 | - | Bonus |
| 03-Dec-94 | 79,711 | 10 | - | Bonus |
| Total | 84,464 | | | |

SHAKUN OSWAL

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 03-Dec-94 | 11,980 | 10 | - | Bonus |
| 04-Oct-05 | 7,611 | 10 | - | Bonus |
| Total | 19,591 | | | |

SACHIT JAIN

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 03-Dec-94 | 5,103 | 10 | - | Bonus |
| Total | 5,103 | | | |

SUCHITA JAIN

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 03-Dec-94 | 3,520 | 10 | - | Allotment on demerger |
| 03-Mar-97 | 80 | 10 | - | Allotment on demerger |
| 16-Aug-93 | 160 | 10 | 101.08 | Allotment on demerger |
| 07-Mar-97 | 30,786 | 10 | - | Allotment on demerger |
| Total | 34,546 | | | |

SOUMYA JAIN

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 05-Jul-01 | 1,017 | 10 | 46.75 | Purchase |
| Total | 1,017 | | | |

SAGRIKA JAIN

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 05-Jul-01 | 987 | 10 | 46.56 | Purchase |
| Total | 987 | | | |

AMBAR SYNDICATE

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 16-Jul-82 | 2,960 | 10 | - | Bonus |
| 26-Feb-91 | 5,504 | 10 | - | Bonus |
| 22-Feb-91 | 1,509 | 10 | 101.54 | Purchase |
| 03-Dec-94 | 1,030 | 10 | - | Bonus |
| Total | 11,003 | | | |

PARAS SYNDICATE

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 16-Jul-82 | 3,000 | 10 | - | Bonus |
| 26-Feb-91 | 3,960 | 10 | - | Bonus |
| 22-Feb-94 | 2,540 | 10 | 101.54 | Purchase |
| 03-Dec-94 | 2,178 | 10 | - | Bonus |
| Total | 11,678 | | | |

| NORTHERN TRADING CO | | | | |
|---------------------|------------------|---------------------|------------------------------------|-----------------------|
| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
| 16-May-05 | 10,531 | 10 | | |
| Total | 10,531 | | | Allotment on demerger |

| EASTERN TRADING CO | | | | |
|--------------------|------------------|---------------------|------------------------------------|-----------------------|
| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
| 16-May-05 | 7,531 | 10 | | |
| Total | 7,531 | | | Allotment on demerger |

| VARDHMAN HOLDINGS LTD | | | | |
|-----------------------|------------------|---------------------|------------------------------------|-----------------------|
| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
| 08-Oct-73 | 6 | 10 | 10 | |
| 10-Nov-75 | 5,99,989 | 10 | 10 | Allotment |
| 02-Jan-76 | 1,99,150 | 10 | 10 | Allotment |
| 23-Dec-78 | 34,350 | 10 | 10 | Allotment |
| 10-Jan-81 | 50,000 | 10 | 10 | Allotment |
| 16-Jul-82 | 2,60,008 | 10 | 10 | Allotment |
| 26-Feb-91 | 4,57,461 | 10 | | Bonus |
| 03-Dec-94 | 3,76,186 | 10 | | Bonus |
| Total | 19,77,150 | | | Bonus |

| VTL INVESTMENTS LTD | | | | |
|---------------------|------------------|---------------------|------------------------------------|-----------------------|
| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
| 24-Sep-02 | 1,44,659 | 10 | 43.90 | |
| Total | 1,44,659 | | | Allotment on demerger |

| SYRACUSE INVESTMENT AND TRADING CO PVT LTD | | | | |
|--|------------------|---------------------|------------------------------------|-----------------------|
| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
| 9-Feb-04 | 929 | 10 | 84.33 | |
| 11-Feb-04 | 440 | 10 | 83.9 | Allotment on demerger |
| 12-Feb-04 | 2,493 | 10 | 87.43 | Allotment on demerger |
| Total | 3,862 | | | Allotment on demerger |

| MARSHALL INVESTMENT AND TRADING CO PVT LTD | | | | |
|--|------------------|---------------------|------------------------------------|-----------------------|
| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
| 4-Oct-05 | 31,061 | 10 | | |
| 1-Dec-08 | 24,086 | 10 | 57.54 | Bonus |
| 1-Dec-08 | 7,226 | 10 | 57.03 | Purchase |
| 14-Jan-09 | 1,209 | 10 | 59.15 | Purchase |
| 15-Jan-09 | 6,262 | 10 | 58.41 | Purchase |
| Total | 69,844 | | | Purchase |

| PLAZA TRADING CO PVT LTD | | | | |
|--------------------------|------------------|---------------------|------------------------------------|-----------------------|
| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
| 9-Feb-04 | 107 | 10 | 83.22 | |
| Total | 107 | | | Allotment on demerger |

| PRADEEP MERCANTILE CO PVT LTD | | | | |
|-------------------------------|------------------|---------------------|------------------------------------|-----------------------|
| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
| 4-Oct-05 | 240 | 10 | | |
| 22-Aug-12 | 12,998 | 10 | 227.17 | Bonus |
| Total | 13,238 | | | Purchase |

ANKLESH INVESTMENTS PVT LTD

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 9-Feb-04 | 538 | 10 | 82.89 | Allotment on demerger |
| 19-Mar-04 | 1,528 | 10 | 85.93 | Allotment on demerger |
| 19-Mar-04 | 1,369 | 10 | 86.29 | Allotment on demerger |
| 4-Oct-05 | 1,717 | 10 | - | Bonus |
| 4-Dec-08 | 7,844 | 10 | 57.71 | Purchase |
| 4-Dec-08 | 4,303 | 10 | 57.72 | Purchase |
| 8-Dec-08 | 28,441 | 10 | 58.2 | Purchase |
| Total | 45,740 | | | |

SRESTHA HOLDINGS PVT LTD

| Date of purchase | Number of shares | Nominal Value (Rs.) | Issue Price / Transfer price (Rs.) | Nature of Transaction |
|------------------|------------------|---------------------|------------------------------------|-----------------------|
| 26-Feb-91 | 9,652 | 10 | - | Bonus |
| 3-Dec-94 | 12,289 | 10 | - | Bonus |
| Total | 21,941 | | | |

Note: The entities Srestha Holdings Pvt. Ltd, Anklesh Investments Pvt. Ltd, Pradeep Mercantile Co. Pvt. Ltd, Plaza Trading Co. Pvt. Ltd, Marshall Investment & Trading Co. Pvt. Ltd and Syracuse Investment & Trading Co. Pvt. Ltd ("Transferor Companies") have been amalgamated with Devakar Investment & Trading Co. Pvt. Ltd. ("Transferee Company"), effective 5th Oct 2016. However the process of placing the shares into the Transferee Company's account is underway. Based on the status of the process, Devakar Investment & Trading Co. Pvt. Ltd. may cumulatively tender the shares in the Buyback or the shares may be tendered from the respective folios of the Transferor Companies and Transferee Company as mentioned above.

6. Consequent to the Buyback and based on the number of shares bought back within each category of shareholders, the shareholding pattern of the Company would undergo a change
7. The aggregate shareholding of the promoter group, directors of the promoter group companies is 3,96,10,190 Shares, comprising 62.23% of the equity share capital of the Company as on September 30, 2016 as shown below

| Sr. No | Name of Shareholder | No. of Shares held | Percentage |
|--------------|--|--------------------|--------------|
| 1 | Paras Syndicate | 91,552 | 0.14 |
| 2 | Northern Trading Co | 82,560 | 0.13 |
| 3 | Ambar Syndicate | 86,255 | 0.14 |
| 4 | Eastern Trading Co | 59,040 | 0.09 |
| 5 | Sagrika Jain | 7,740 | 0.01 |
| 6 | Soumya Jain | 7,980 | 0.01 |
| 7 | Sachit Jain | 40,005 | 0.06 |
| 8 | Suchita Jain | 2,70,818 | 0.43 |
| 9 | Shakun Oswal | 1,53,583 | 0.24 |
| 10 | S.P. Oswal | 6,62,125 | 1.04 |
| 11 | Adishwar Enterprises LLP | 1,29,78,058 | 20.39 |
| 12 | VTL Investments | 11,34,000 | 1.78 |
| 13 | Vardhman Holdings Ltd | 1,54,99,123 | 24.35 |
| 14 | Mahavir Spinning Mills Pvt Ltd | 1,09,628 | 0.17 |
| 15 | Syracuse Investment & Trading Co Pvt Ltd | 30,280 | 0.05 |
| 16 | Srestha Holdings Pvt Ltd | 1,72,005 | 0.27 |
| 17 | Flamingo Finance and Investment Co Pvt Ltd | 5,90,513 | 0.93 |
| 18 | Devakar Investment & Trading Co Pvt Ltd | 56,48,566 | 8.87 |
| 19 | Pradeep Mercantile Co Pvt Ltd | 1,03,782 | 0.16 |
| 20 | Plaza Trading Co Pvt. Ltd | 840 | 0.00 |
| 21 | Santon Finance & Investment Co Ltd | 5,05,609 | 0.79 |
| 22 | Ramaniya Finance & Investment Co Ltd | 4,70,046 | 0.74 |
| 23 | Marshall Investment & Trading CoPvt Ltd | 5,47,516 | 0.86 |
| 24 | Anklesh Investments Private Limited | 3,58,556 | 0.56 |
| Total | | 3,96,10,190 | 62.23 |

Note: The entities Srestha Holdings Pvt. Ltd, Anklesh Investments Pvt. Ltd, Pradeep Mercantile Co. Pvt. Ltd, Plaza Trading Co. Pvt. Ltd, Marshall Investment & Trading Co. Pvt. Ltd and Syracuse Investment & Trading Co. Pvt. Ltd ("Transferor Companies") have been amalgamated with Devakar Investment & Trading Co. Pvt. Ltd. ("Transferee Company"), effective 5th Oct 2016. However the process of placing the shares into the Transferee Company's account is underway

8. None of the Directors or Key Managerial Personnel of the Company holding any Equity Shares in the Company except for the following:

| Sr. No | Shareholding of each Directors & each Key Managerial Personnel | No. of Shares held | Percentage |
|--------|--|--------------------|------------|
| 1 | S.P. Oswal | 6,62,125 | 1.04 |
| 2 | Sachit Jain | 40,005 | 0.06 |
| 3 | Suchita Jain | 2,70,818 | 0.43 |
| 4 | D.L. Sharma | 3,319 | 0.00* |
| 5 | Rajeev Thapar (CFO & KMP) | 10 | 0.00* |

*Negligible

As mentioned in clause 5 of section 11, Sachit Jain, Suchita Jain, S.P. Oswal, intend to participate in the Buyback and tender an aggregate maximum number of 1,24,113 Equity Shares or such lower number of shares as required in compliance with the Buyback Regulations/terms of the Buyback.

9. Pursuant to the proposed Buyback and depending on the response to the Buyback, the voting rights of the Promoter and Promoter group in the Company may increase over the existing 62.23% holding in the total equity capital and voting rights of the Company. The Promoter and Promoter group of the Company are already in control over the Company and therefore such further increase in voting rights of the promoter group will not result in any change in control over the Company.
10. Assuming response to the Buyback is to the extent of 100% (full acceptance) from all the Shareholders upto their entitlement, the aggregate shareholding of the promoters and promoter group, post Buyback may increase to 63.12% from 62.23% pre Buyback, and the aggregate shareholding of the public in the Company shall decrease to 36.88% post Buyback from 37.77% pre Buyback.
11. Consequent to the Buyback and based on the number of Equity Shares bought back from the Non-Resident Shareholders, Indian financial institutions, banks, mutual funds and the public including other bodies corporate, the shareholding of Promoter and Promoter Group would undergo a change.
12. The debt-equity ratio post Buyback will be compliant with the permissible limit of 2:1 prescribed by the Companies Act, even if the response to the Buyback is to the extent of 100% (full acceptance) from all the Equity Shareholders upto their Buyback Entitlement.
13. The Company shall not issue any equity shares or other securities (including by way of bonus) till the date of closure of the Buyback.
14. The Company shall not raise further capital for a period of one year from the closure of Buyback except in discharge of its subsisting obligations.
15. Salient financial parameters consequent to the Buyback based on the latest audited results as on March 31, 2016 are as under:

| Particulars | Pre Buyback* | Post Buyback* |
|---|--------------|---------------|
| Net Worth (in ₹ millions) ^a | 36,532 | 29,332 |
| Return on Net Worth/ Return on Equity (%) ^b | 17.9% | 22.3% |
| Basic Earnings per Share - Basic (₹) ^c | 102.60 | 113.79 |
| Book value per Equity Share/ NAV per Share (₹) ^d | 573.93 | 511.09 |
| P/E as per the latest audited financial result (₹) ^e | 10.71 | 9.65 |
| Total Debt/Equity Ratio ^f | 0.69 | 0.86 |

Notes:

a. "Networth" excludes revaluation reserve based on audited financials as of Mar 31, 2016

b. Return on Networth = Profit after Tax for the period divided by Networth for the period (computed as average of opening and closing Networth)

c. Earnings per share = Profit after Tax for the period divided by total number of shares outstanding

d. Book Value per Equity Share = Networth divided by total number of shares outstanding

e. Price / Earnings (P/E) = Closing market price of the Equity Shares on NSE on March 31, 2016 divided by Earnings per Equity Share

f. Total debt / equity Ratio = Total debt divided by Networth

*Pre and Post Buyback calculations are based on audited financials as of March 31, 2016

12.

BASIS OF CALCULATING BUYBACK PRICE

The equity shares of the Company are proposed to be bought back at a price not exceeding Rs. 1,150/- (Rupees One Thousand One Hundred Fifty Only) per equity share. The Buyback Offer Price has been arrived at after considering various factors such as the volume weighted average prices of the Equity Shares of the Company on BSE and the NSE (where the Equity Shares of the Company are listed), the net worth of the Company and the impact of the Buyback on the key financial ratios of the Company.

The Buyback Offer price of Rs. 1,150/- (Rupees One Thousand One Hundred Fifty) per equity share represents a premium of 15.90% and 15.48% over the volume weighted average price of the Equity Shares on the BSE and on the NSE respectively for 3 months preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback and 16.11% and 14.61% over the volume weighted average price of the Equity Shares on the BSE and on the NSE, respectively for 2 weeks preceding the date of intimation to the Stock Exchanges for the Board Meeting to consider the proposal of the Buyback

For trends in the market price of the Equity Shares, please refer to paragraph 19 of this Letter of Offer.

The closing market price of the Equity Shares as on the date of intimation to the BSE and the NSE for the Board Meeting for considering the Buyback, was Rs. 959.20 on the BSE and Rs. 960.85 on the NSE.

The earning per share of the Company pre-Buyback as on March 31, 2016 was Rs. 102.60 which will increase to Rs. 113.79 post Buyback assuming full acceptance of the Buyback and subject to notes as disclosed under Section 11.

The return of net-worth of the Company pre Buyback as on March 31, 2016 was 17.9% which will increase to 22.3% post Buyback assuming full acceptance of the Buyback and subject to notes as disclosed under Section 11.

13.

SOURCES OF FUNDS

1. Assuming full acceptance, the funds that would be deployed by the Company for the purposes of the Buyback, would be Rs. 719,99,99,350/- (Rupees Seven Hundred Nineteen Crores, Ninety Nine Lacs Ninety Nine Thousand Three Hundred Fifty Only).
2. The funds for Buyback will be available from cash balances available with the Company and /or liquidation of financial instruments held by the Company that have been generated through internal accruals. The Company does not intend to raise additional debt for the explicit purposes of the Buyback. Thus, borrowed funds will not be used for the Buyback. The cost of financing the Buyback would be notional loss in other income, if any. However, if required, the Company may borrow funds in the ordinary course of its business.

14.

DETAILS OF ESCROW ACCOUNT AND AMOUNT TO BE DEPOSITED THEREIN

In accordance with Regulation 10 of the Buyback Regulations, an Escrow Agreement has been entered into amongst the Company, Manager to the Buyback and the Escrow Agent having its registered office at 27 BKC, C27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051 on November 16, 2016. In addition, in accordance with Regulation 10 of the Buyback Regulations, a Security Agreement has been entered into amongst the Company and the Manager to the Buyback on November 16, 2016.

In terms of the Escrow Agreement and the Security Agreement, the Company has (a) opened an escrow account in the name and style "Vardhman Textiles Buyback – Escrow Account" bearing the account number 0112527266; (b) deposited in the Escrow Account cash aggregating to a sum of Rs. 7.20 crores/- (Rupees Seven crores Twenty lacs Only) i.e. equivalent to 1% of the Buyback Size by way of security for the fulfillment of its obligations under the Buyback on November 18, 2016; and (c) on November 21, 2016 pledged acceptable securities with appropriate margin in favour of the Manager to the Buyback for a value of 113.42 crores/- (One Hundred Thirteen Crores Forty Two lacs Only) as per the table given below, being in excess of sum of i) 25% of the consideration payable upto Rs.100 Crores; and ii) 10% of the balance consideration payable in excess of Rs.100 Crores by the Company under the Buyback, in accordance with the Buyback Regulations. Such securities have been pledged

in favour of the Manager to the Buyback with powers delegated to the Manager to the Buyback to realize the value of the securities in accordance with the Buyback Regulations.

The amount of cash deposited in the Escrow Account and the value of the acceptable securities pledged is in accordance to the amount required to be deposited in terms of the Buyback Regulations. The amount deposited in the Escrow Account has been confirmed vide a confirmation letter dated November 18, 2016 issued by the Bank.

Details of securities pledged in favour of Manager to the Buyback are as follows:

| Name of Security | ISIN | Number of Units (with Margin) | Net Asset Value per Unit* (Rs.) | Amount (Rs. Lacs) |
|---|--------------|----------------------------------|------------------------------------|----------------------|
| IDFC Corporate Bond Fund Direct Plan-Growth | INF194KA1M23 | 2,433,6821.611 | 10.8812 | 26,48,13,823 |
| Kotak Bond (Short Term)-Direct Plan- Growth | INF174K01J17 | 8,358,827.758 | 30.6702 | 25,63,66,919 |
| Reliance Short Term Fund-Direct Growth Plan Growth Option | INF204K01B32 | 834,8611.292 | 30.698 | 25,62,85,669 |
| Birla Sun Life Treasury Optimizer Plan-Growth- Direct Plan | INF209K01YNO | 1,249,786.287 | 205.265 | 25,65,37,382 |
| Birla Sun Life Floating Rate Fund Short Term Plan-Growth -Direct Plan | INF209K01UU3 | 475,000.000 | 210.9546 | 10,02,03,435 |
| Total | | | | 113,42,07,229 |

*Net Asset Value as on October 28, 2016

The Manager to the Offer has been empowered to operate the Escrow Account in accordance with the Buyback Regulations

15. FIRM FINANCING ARRANGEMENTS

- The Company, duly authorized by its Buyback Committee, has identified and earmarked specific investments for the purpose of fulfillment of the obligations of the Company under the Buyback. Such investments, together with funds provided for escrow arrangements, are in excess of the Buyback Size.
- Based on the resolution of the Buyback Committee dated November 16, 2016 in this regard, and other facts/documents, Mr. Naresh Batra, Proprietor of M/s Naresh Batra & Co., (Membership number 505905), Chartered Accountants, have certified, vide their letter dated November 16, 2016 that the Company has made firm financing arrangements for fulfilling the obligations under the Buyback.
- The Manager to the Buyback, having regard to the above, confirms that firm arrangements for fulfilling the obligations under the Buyback are in place.

16. CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

- The capital structure as on March 31, 2016 is as follows:

| | Pre Buyback (Rs. Lacs) |
|---|---------------------------|
| Authorised Share Capital | |
| 90,000,000 Equity Shares of Rs. 10/- each | 9,000.00 |
| 10,000,000 redeemable cumulative preference shares of Rs. 10/- each | 1,000.00 |
| Issued, Subscribed and Paid-Up Share Capital | |
| 63,651,879 fully paid-up Equity Shares of Rs. 10/- each | 6,365.19 |

2. Assuming full acceptance in the Buyback the capital structure post Buyback would be as follows:

| | Post Buyback (Rs. Lacs) |
|---|----------------------------|
| Authorised Share Capital | |
| 90,000,000 Equity Shares of Rs. 10/- each | 9,000.00 |
| 10,000,000 redeemable cumulative preference shares of Rs. 10/- each | 1,000.00 |
| Issued, Subscribed and Paid-Up Share Capital | |
| 5,73,91,010 fully paid-up Equity Shares of Rs. 10/- each | 5,739.10 |

3. There are no outstanding instruments convertible into Shares.
4. The Company shall not issue and allot any Shares including by way of bonus or convert any ESOPs into Shares, from the date of Public Announcement till the date of closure of this Buyback.
5. There have been no other Buyback programmes of the Company over the last 3 years from the date of the Letter of Offer
6. The shareholding pattern of the Company as on December 9, 2016 (Record Date) as well as post Buyback shareholding, are as shown below:

| Particulars | Number of Shares | % to existing share capital | No. of Shares post Buyback* | % holding post Buyback* |
|---|-------------------|-----------------------------|-----------------------------|-------------------------|
| Promoter Group | 39,610,190 | 62.23 | 36,227,321 | 63.12 |
| Foreign Investors (OCBs/FIIs/NRIs/Non-residents/Non-domestic companies) | 7,518,390 | 11.81 | | |
| Indian Financial Institutions/Banks/Mutual Funds/Govt. Companies | 7,368,891 | 11.58 | 21,163,689 | 36.88 |
| Public including other Bodies Corporate | 9,154,408 | 14.38 | | |
| Total | 63,651,879 | 100.00 | 57,391,010 | 100.00 |

* Assuming full acceptance of Equity Shares in the Buyback in the ratio of their entitlement

7. No Equity Shares of the Company have been purchased/ sold by any member of the Promoter/ Promoter group, directors and key managerial personnel of the Company during the period from twelve months preceding the date of the Board Meeting at which the Buyback was approved and from the date of the Board Meeting till the date of this Letter of Offer, except for the following transactions:

| Date of Transfer | No. of Shares purchased/ (Sold) | Details of Transfer | Maximum Price (Rs.)* | Date of Maximum Price | Minimum Price (Rs.)* | Date of Minimum Price | Average Price (Rs.)* |
|------------------------------|---------------------------------|---------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| VARDHMAN HOLDINGS LTD | | | | | | | |
| 14.12.2015 | 735 | Open market | 750.90 | 14.12.2015 | 747.65 | 14.12.2015 | 749.41 |
| 15.12.2015 | 2,129 | Open market | 778.50 | 15.12.2015 | 762.00 | 15.12.2015 | 765.54 |
| 16.12.2015 | 16,694 | Open market | 806.30 | 16.12.2015 | 771.95 | 16.12.2015 | 796.01 |
| 17.12.2015 | 20,940 | Open market | 819.00 | 17.12.2015 | 793.65 | 17.12.2015 | 812.31 |
| 18.12.2015 | 854 | Open market | 820.10 | 18.12.2015 | 811.05 | 18.12.2015 | 817.09 |
| 28.12.2015 | 15,294 | Open market | 829.95 | 28.12.2015 | 811.85 | 28.12.2015 | 824.86 |
| 29.12.2015 | 9,178 | Open market | 834.65 | 29.12.2015 | 824.9 | 29.12.2015 | 830.88 |
| 30.12.2015 | 4,831 | Open market | 835.50 | 30.12.2015 | 820.00 | 30.12.2015 | 827.77 |
| 31.12.2015 | 9,547 | Open market | 836.65 | 31.12.2015 | 822.80 | 31.12.2015 | 831.68 |
| 25.02.2016 | 1,095 | Open market | 752.90 | 25.02.2016 | 740.00 | 25.02.2016 | 748.98 |

| Date of Transfer | No. of Shares purchased/ (Sold) | Details of Transfer | Maximum Price (Rs.)* | Date of Maximum Price | Minimum Price (Rs.)* | Date of Minimum Price | Average Price (Rs.)* |
|---|---------------------------------|---------------------|----------------------|-----------------------|----------------------|-----------------------|----------------------|
| VARDHMAN HOLDINGS LTD | | | | | | | |
| 30.05.2016 | 5,000 | Open market | 850.00 | 30.05.2016 | 841.50 | 30.05.2016 | 847.89 |
| 31.05.2016 | 5,000 | Open market | 850.35 | 31.05.2016 | 838.00 | 31.05.2016 | 847.73 |
| 01.06.2016 | 5,000 | Open market | 850.00 | 01.06.2016 | 845.00 | 01.06.2016 | 847.87 |
| 02.06.2016 | 228 | Open market | 846.65 | 02.06.2016 | 845.50 | 02.06.2016 | 846.08 |
| ADISHWAR ENTERPRISES LLP | | | | | | | |
| 25.02.2016 | 243 | Open market | 750.00 | 25.02.2016 | 747.25 | 25.02.2016 | 749.27 |
| 26.02.2016 | 30,000 | Open market | 752.00 | 26.02.2016 | 748.00 | 26.02.2016 | 750.39 |
| ANKLESH INVESTMENTS PVT LTD | | | | | | | |
| 25.02.2016 | 1,065 | Open market | 748.90 | 25.02.2016 | 748.80 | 25.02.2016 | 748.88 |
| MARSHALL INVESTMENT & TRADING CO PVT LTD | | | | | | | |
| 25.02.2016 | 2,000 | Open market | 750.00 | 25.02.2016 | 746.00 | 25.02.2016 | 748.43 |
| SYRACUSE INVESTMENT & TRADING CO PVT LTD | | | | | | | |
| 25.02.2016 | 2,665 | Open market | 750.00 | 25.02.2016 | 747.00 | 25.02.2016 | 749.57 |
| DEVAKAR INVESTMENT & TRADING CO PVT LTD | | | | | | | |
| 26.02.2016 | 80,316 | Open market | 755.00 | 26.02.2016 | 739.20 | 26.02.2016 | 748.86 |
| 29.02.2016 | 27,363 | Open market | 760.00 | 29.02.2016 | 743.70 | 29.02.2016 | 752.43 |

*Excluding Brokerage and other transaction costs

Note: The entities Srestha Holdings Pvt. Ltd, Anklesh Investments Pvt. Ltd, Pradeep Mercantile Co. Pvt. Ltd, Plaza Trading Co. Pvt. Ltd, Marshall Investment & Trading Co. Pvt. Ltd and Syracuse Investment & Trading Co. Pvt. Ltd ("Transferor Companies") have been amalgamated with Devakar Investment & Trading Co. Pvt. Ltd. ("Transferee Company"), effective 5th Oct 2016. However the process of placing the shares into the Transferee Company's account is underway.

8. Assuming full acceptance of the Buyback, the issued, subscribed and paid up equity share capital of the Company would be Rs. 5,739.10 Lacs comprising 57,391,010 Shares of Rs. 10/- each as more fully set out in clause 16 (2) of this Letter of Offer.
9. There is no pending scheme of amalgamation or compromise or arrangement pursuant to any provisions of the Act.

17. BRIEF INFORMATION ABOUT THE COMPANY

1. Vardhman Textiles Limited ("Company") was incorporated on October 16, 1973 under the Companies Act, 1956. The registered office of the Company is located at Chandigarh Road, Ludhiana, Punjab, 141 010, India.
2. The paid up equity share capital of the Company for the year ended March 31, 2016 was Rs. 6,365 Lacs and the reserves and surplus for the year ended March 31, 2016 were Rs. 358,953 Lacs.
3. The shares of the Company were listed on BSE and NSE in 1976 and 2003 respectively.

4. HISTORY AND GROWTH OF BUSINESS

Vardhman Textiles Limited is the flagship company of Vardhman group, which is an integrated textile manufacturing group with an extensive presence across the value chain – from the manufacture of fibre and yarns to sewing thread and fabrics.

The Company has a capacity of ~1 million spindles, 1,316 looms and 114 mmpa of fabric processing as on March 31, 2016 spread across multiple manufacturing units located in the states of Madhya Pradesh, Himachal Pradesh and Punjab.

The Company's yarn business is the primary revenue generator. The Company is also a market leader in hand-knit yarn category with a 40% share of the organized market, and 30% share of the total market. The Company also exports cotton yarn to quality-conscious markets (EU, US and the Far East).

In the apparel segment, the Company produces dyed fabrics for both tops and bottoms serving large retailers in USA, Europe and Asia. It produces wide variety of fabrics for tops & bottoms for men, women and children.

The Company is now expanding its fabric capacities, part of which, a printing line, has already commenced commercial production in March 2016. This phase of expansion will be towards increasing weaving (looms) capacities and increasing our yarn dyed & printing fabric capacity. The Company envisages ample opportunities in the Indian textile industry and as of now plans to remain a focused textile player.

5. Following is the share capital history of the Company since inception:

| Date of Allotment | # of shares | Face Value (Rs.) | Issue Price (Rs.) | Value (Rs.) | Consideration | Nature of Allotment | # of shares | Cumulative | |
|-------------------|-------------|------------------|-------------------|--------------|----------------|---|-------------|-----------------|----------------|
| | | | | | | | | Paid up Capital | Share Premium |
| 22/10/1973 | 11 | 10 | 10 | 110 | 110 | Incorporation | 11 | 110 | - |
| 10/11/1975 | 5,99,989 | 10 | 10 | 59,99,890 | 59,99,890 | Issue of shares to VSGML in lieu of Loan given by VSGML | 6,00,000 | 60,00,000 | - |
| 02/01/1976 | 9,00,000 | 10 | 10 | 90,00,000 | 90,00,000 | Public issue | 15,00,000 | 1,50,00,000 | - |
| 10/01/1981 | 7,50,000 | 10 | 10 | 75,00,000 | 75,00,000 | Rights in the ratio 1:2 | 22,50,000 | 2,25,00,000 | - |
| 07/04/1981 | 4,10,000 | 10 | 10 | 41,00,000 | 41,00,000 | Conversion of Loan into equity | 26,60,000 | 2,66,00,000 | - |
| 16/07/1982 | 10,64,000 | 10 | - | 1,06,40,000 | 1,06,40,000 | Bonus issue in the ratio 2:5 | 37,24,000 | 3,72,40,000 | - |
| 01/11/1983 | 7,22,400 | 10 | - | 72,24,000 | 72,24,000 | Conversion of Loan into equity | 44,46,400 | 4,44,64,000 | - |
| 19/01/1985 | 2,00,800 | 10 | 20 | 20,08,000 | 40,16,000 | Conversion of Loan into equity | 46,47,200 | 4,64,72,000 | 20,08,000 |
| | 80,320 | 10 | 10 | 8,03,200 | 8,03,200 | | 47,27,520 | 4,72,75,200 | - |
| 06/03/1989 | 1,35,916 | 10 | - | 13,59,160 | 13,59,160 | Amalgamation Of Mohta Industries into the Company | 48,63,436 | 4,86,34,360 | - |
| 26/02/1991 | 19,45,374 | 10 | - | 1,94,53,740 | 1,94,53,740 | Bonus issue in the ratio 2:5 | 68,08,810 | 6,80,88,100 | - |
| 22/02/1994 | 51,16,167 | 10 | 110 | 5,11,61,670 | 56,27,78,370 | Rights issue in the ratio 3:4 | 1,19,24,977 | 11,92,49,770 | 51,36,24,700 |
| 03/12/1994 | 1,19,24,977 | 10 | - | 11,92,49,770 | 11,92,49,770 | Bonus issue in the ratio 1:1 | 2,38,49,954 | 2,38,49,954 | - |
| | 9,50,000 | 10 | - | 95,00,000 | 95,00,000 | Bonus issue in the ratio 1:1 | 2,47,99,645 | 24,79,96,450 | - |
| 06/10/1995 | 9,50,000 | 10 | 268 | 95,00,000 | 25,46,00,000 | Conversion of loan into equity | 2,57,49,954 | 25,74,99,540 | 75,87,24,700 |
| 16/05/2005 | 1,27,63,064 | 10 | - | 12,76,30,640 | 12,76,30,640 | Demerger of textile undertaking of VSGML into the Company | 3,85,13,018 | 38,51,30,180 | - |
| 04/10/2005 | 1,92,56,509 | 10 | - | 19,25,65,090 | 19,25,65,090 | Bonus issue in the ratio 1:2 | 5,77,69,527 | 57,76,95,270 | - |
| 03/11/2010 | 58,82,352 | 10 | 340 | 5,88,23,520 | 1,99,99,99,681 | Qualified Institutional Placement | 6,36,51,879 | 63,65,18,790 | 2,69,99,00,860 |

Note: VSGML denotes Vardhman Spinning and General Mills Limited

6. The Board of Directors of the Company comprises the following:

| Name | Designation | Qualifications | Date of Appointment / Reappointment | Other Directorships |
|--|------------------------------|---|-------------------------------------|--|
| Shri Paul Oswal (DIN 00121737) | Chairman & Managing Director | M.Com (Gold medalist) | 08/10/1973 | <ul style="list-style-type: none"> Vardhman Holdings Limited. VMT Spinning Company Limited. Vardhman Acrylics Limited Santon Finance & Investment Company Limited Flamingo Finance & Investment Company Limited Ramaniya Finance & Investment Company Limited Nimbua Greenfield (Punjab) Limited Devakar Investment and Trading Company Pvt. Limited Mahavir Spinning Mills Private Limited Vardhman Special Steels Limited Unichem Laboratories Limited Gruh Finance Limited Centre for Study of Science, Technology and Policy (Section 8 Company) Botil Oil Tools (India) Private Limited Birta Sun Life Trustee Company Private Limited Magnus Consulting Private Limited Max India Limited Max Speciality Films Limited Max Ventures & Industries Limited |
| Prafull Anubhai (DIN 00040837) | Independent Director | B.Com, B.S.C (Eco.), London | 26/07/1980 | <ul style="list-style-type: none"> Vardhman Special Steels Limited Vardhman Acrylics Limited Vardhman Holdings Limited Vardhman Nisshinbo Garments Company Limited UTI Asset Management Company Limited The Alloy Steel Producers Association of India Mahavir Spinning Mills Private Ltd Devakar Investment & Trading Co. Pvt. Ltd. Vardhman Acrylics Limited VTL Investments Limited VMT Spinning Company Limited Vardhman Yarns & Threads Limited The Cotton Textiles Export Promotion Council Deluxe Fabrics Limited Ralson (India) limited Vardhman Nisshinbo Garments Company Limited Punjab Alkalis & Chemicals Limited Geojit Credits Private Limited Nimbua Greenfield (Punjab) Limited Vardhman Special Steels Limited Vardhman Holdings Limited Vardhman Spinning and General Mills Ltd VTL Investments Ltd Santon Finance & Investment Co. Ltd Flamingo Finance & Investment Co. Ltd Ramaniya Finance & Investment Co. Ltd Moolchand Healthcare Private Limited Moolchand Healthcare Foundation Destiny Health Private Limited Moolchand Group Foundation Vardhman Apparel Limited VMT Spinning Company Limited Vardhman Nisshinbo Garments Company Limited Vardhman Textile Components Limited Vardhman Spinning and General Mills Ltd |
| Subash Khan Chand Bijlani (DIN 01040271) | Independent Director | Doctor of Management from Maryland, USA, Bsc Tech (Mech Eng) from Manchester UK | 30/03/2005 | |
| Sachit Jain (DIN 00746409) | Joint Managing Director | B. Tech, MBA | 13/06/1994 | |
| Darshan Lal Sharma (DIN 00727581) | Director | B.S.C. (ENGG.), MBA | 08/05/1985 | |
| Ashok Kumar Kundra (00154024) | Independent Director | M.A. (Eco), RhD | 28/01/2009 | |
| Suchita Jain (DIN 00746471) | Joint Managing Director | M.Com | 29/01/2010 | |
| Shravan Talwar (DIN 01657234) | Independent Director | MBA, B.A. (Computational & Applied Maths & Economics) | 29/01/2010 | |
| Neeraj Jain (DIN 00340459) | Joint Managing Director | B.Com, C.A. | 31/03/2010 | |
| Kumar Neel | Nominee | BA, M.Phil (Eco). | 28/11/2016 | NIL |

| Name | Designation | Qualifications | Date of Appointment / Reappointment | Other Directorships |
|--------------------------------------|----------------------|--|-------------------------------------|--|
| Lohit (DIN 06504417) | Director (IDBI) | MBA (Finance), MBA (Global Banking & Finance) | | |
| Devendra Bhushan Jain (DIN 06911676) | Independent Director | B.Sc | 07/08/2014 | NIL |
| Rajender Mohan Malla (DIN 00136657) | Independent Director | M.Com, MBA (Finance), CAIIB | 05/08/2015 | <ul style="list-style-type: none"> • Metro Tyres Limited • SKS Microfinance Limited • Smera Ratings Limited • Morgan ARC Private Limited |

7 The details of change in Board of Directors during the last 3 years from the date of this LoF are as under:

| Name | Appointment/ Resignation | Effective Date | Reasons |
|-----------------------|----------------------------|----------------|---|
| Kumar Neel Lohit | Appointment (IDBI Nominee) | 28-11-2016 | Nomination by IDBI Bank Limited |
| Suresh Khatanhar | Withdrawal of Nomination | 28-11-2016 | Withdrawal of Nomination by IDBI Bank Limited |
| Rajender Mohan Malla | Appointment | 05-08-2015 | He is a retired Banker having rich experience in banking and finance field. His expertise and knowledge will be valuable for the Company. |
| A.K. Purwar | Resignation | 09-05-2015 | Pre-occupation |
| Devendra Bhushan Jain | Appointment | 24-09-2014 | His expertise and knowledge of the industry will be valuable for the Company. |
| Suresh Khatanhar | Appointment (IDBI Nominee) | 12-04-2014 | Nomination by IDBI Bank Limited |
| S. Padmanabhan | Withdrawal of Nomination | 28-03-2014 | Withdrawal of Nomination by IDBI Bank Limited |

The Buyback will not result in any benefit to any directors of the Company / promoters / person in control of the Company / group companies except to the extent of their intention to participate in the Buyback and the change in their shareholding as per the response received in the Buyback, as a result of the extinguishment of Equity Shares which will lead to a reduction in the equity share capital post Buyback.

18.

FINANCIAL INFORMATION

The brief audited financial information of the Company for the last three financial years and the unaudited financial results for the period ended September 30, 2016 are provided below. It must be noted that the financial results for the period ended September 30, 2016 although unaudited have been subjected to a limited review by the statutory auditors as is required under Regulation 33 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. The results have been adopted by the Board of Directors of the Company at its meeting on November 15, 2016 and the statutory auditors have issued their limited review report dated November 15, 2016 on the same.

(a) Based on audited standalone financial statements

| Period Ending | (Rs. Millions, except per share data) | | | |
|--|---------------------------------------|---------------------------|---------------------------|---------------------------|
| | Sept 30, 2016 6 Months | Mar 31, 2016 12 Months | Mar 31, 2015 12 Months | Mar 31, 2014 12 Months |
| Income from Operations | 28,845 | 56,607 | 58,872 | 52,254 |
| Other Income | - | 1,538 | 129 | 105 |
| Total Income | 28,845 | 58,145 | 59,001 | 52,359 |
| Total Expenses excluding Interest, Depreciation, Tax & Extraordinary items | 22,219 | 45,010 | 48,004 | 39,105 |
| Interest | 508 | 869 | 1,215 | 1,518 |
| Depreciation | 1,606 | 3,619 | 4,888 | 2,941 |
| Profit before Tax | 4,512 | 8,646 | 4,893 | 8,794 |
| Provision for tax (incl. deferred tax) | 1,296 | 2,116 | 1,302 | 2,275 |

| Period Ending | Sept 30, 2016 | Mar 31, 2016 | Mar 31, 2015 | Mar 31, 2014 |
|---|----------------------|---------------------|---------------------|---------------------|
| Profit/ (Loss) after tax(ordinary activities) | 3,216 | 6,531 | 3,591 | 6,519 |
| Extraordinary income (Net of expense) | 3,100 | - | - | - |
| Profit/ (Loss) after tax & extraordinary activities | 6,316 | 6531 | 3591 | 6519 |
| As on | Sept 30, 2016 | Mar 31, 2016 | Mar 31, 2015 | Mar 31, 2014 |
| Equity Share Capital | 620 | 637 | 637 | 637 |
| Reserves & Surplus | 42,606 | 35,895 | 30,197 | 27,847 |
| Net Worth | 43,226 | 36,532 | 30,834 | 28,483 |
| Total Debt | 23,718 | 25101 | 25058 | 32271 |
| Total Capital Employed | 69,142 | 63515 | 57877 | 63416 |
| Key Financial Ratios | | | | |
| Earnings per Share (Rs)(before extraordinary items) | 51.82 | 102.6 | 56.4 | 102.4 |
| Earnings per Share (Rs)(after extraordinary items) | 101.78 | 102.6 | 56.4 | 102.4 |
| Book value per Share (Rs) | 679.1 | 573.9 | 484.4 | 447.5 |
| Debt-Equity Ratio | 0.55 | 0.69 | 0.81 | 1.13 |
| Return on Networth (%) | 14.61% | 17.88% | 11.64% | 22.8% |

The Company has adopted Indian Accounting Standards (IndAS) from April 1, 2016 (transition date being April 1, 2015) and accordingly, financial information for the period ending 30.09.2016 as mentioned above has been prepared in accordance with Companies (Indian Accounting Standards) Rules, 2015 as prescribed under section 133 of The Companies Act, 2013 read with relevant rules issued thereunder and the other accounting principles generally accepted in India. Hence the current period financial information is not comparable with previous years audited financial information as mentioned above.

Notes:

1. Earnings per Share = Profit After Tax / No. of Shares at the end of the period
2. Book value per Share = Net Worth (excluding Revaluation Reserves) / No. of Shares at the end of the period
3. Debt-Equity Ratio = Total Debt/ Networth (excluding Revaluation Reserves)
4. Return on Networth = Profit after tax/ Networth (excluding Revaluation Reserves)

(b) Based on audited consolidated financial statements

| Period Ending | (Rs. Millions, except per share data) | | |
|---|---------------------------------------|---------------------|---------------------|
| | Mar 31, 2016 | Mar 31, 2015 | Mar 31, 2014 |
| Period | 12 Months | 12 Months | 12 Months |
| Income from Operations | 66,369 | 67,860 | 61,664 |
| Other Income | 864 | 1,662 | 739 |
| Total Income | 67,233 | 69,522 | 62,403 |
| Total Expenses excluding Interest, Depreciation, Tax & Extraordinary items | 53,215 | 56,682 | 47,032 |
| Interest | 977 | 1,249 | 1,511 |
| Depreciation | 4,018 | 5,322 | 3,355 |
| Profit before Tax | 9,022 | 6,269 | 10,506 |
| Provision for tax (incl. deferred tax) | 2,724 | 1,765 | 2,821 |
| Profit/ (Loss) after tax | 6,298 | 4,504 | 7,685 |
| Share of Profit/(Loss) of Associates | 16 | (47.5) | (29.5) |
| Minority Interest | 529 | 454.4 | 471.7 |
| Net Profit/(Loss) after Taxes, Minority Interest and Share of Profit/(Loss) of Associates | 5,786 | 4002.1 | 7183.5 |
| As on | Mar 31, 2016 | Mar 31, 2015 | Mar 31, 2014 |
| Equity Share Capital | 625 | 625 | 625 |
| Reserves & Surplus | 37,840 | 33,128 | 30,695 |
| Minority Interest | 3715 | 4410 | 3962 |
| Net Worth | 42,180 | 38,163 | 35,282 |
| Total Debt | 27,781 | 26,401 | 33,727 |
| Total Capital Employed | 72,095 | 66,797 | 71,935 |
| Key Ratios | | | |
| Earnings per Share (Rs) | 92.6 | 64.0 | 114.9 |
| Book value per Share (Rs) | 615.25 | 539.98 | 500.98 |
| Debt-Equity Ratio | 0.66 | 0.69 | 0.96 |
| Return on Networth (%) | 15.04% | 11.86% | 22.94% |

Notes:

1. Earnings per Share = Profit After Tax, Minority Interest and share of Profit/Loss from associates / No. of Shares at the end of the period
2. Book value per Share = Net Worth (excluding Revaluation Reserves & Minority Interest) / No. of Shares at the end of the period
3. Debt-Equity Ratio = Total Debt/ Networth (excluding Revaluation Reserves but including Minority Interest)
4. Return on Networth = Profit after tax Minority Interest and share of Profit/Loss from associates / Networth (excluding Revaluation Reserves & Minority Interest)

The Company shall abide SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, wherever and if applicable. The Company has complied with sections 68, 69 and 70 of the Companies Act, 2013.

19.

STOCK MARKET DATA

- The Shares of the Company are listed on BSE and NSE.
- The high, low and average market prices for the last three years (April to March periods) and the monthly high, low and average market prices for the six months preceding the date of filing of Letter of Offer and the corresponding volumes on BSE are as follows:

| Period | High (Rs.) | Date of High | Number of Shares traded on that date | Low (Rs.) | Date of Low | Number of Shares traded on that date | Average Price* (Rs.) | Total volume traded in period |
|---|------------|--------------|--------------------------------------|-----------|-------------|--------------------------------------|----------------------|-------------------------------|
| 3 Years | | | | | | | | |
| FY16 (Apr 15 – Mar 16) | 990.00 | 21-Aug-15 | 87,467 | 541.20 | 1-Apr-15 | 18,541 | 759.85 | 3,240,515 |
| FY15 (Apr 14 – Mar 15) | 567.50 | 12-Mar-15 | 48,499 | 327.00 | 12-May-14 | 6,022 | 442.90 | 6,896,119 |
| FY14 (Apr 13 – Mar 14) | 410.25 | 22-Nov-13 | 55,413 | 241 | 27-May-13 | 2,522 | 320.72 | 4,407,174 |
| 6 months | | | | | | | | |
| 1 st Jun – 30 th Jun 2016 | 963.65 | 30-Jun-16 | 7,747 | 840.00 | 7-Jun-16 | 2,796 | 880.82 | 360,450 |
| 1 st July – 31 st July 2016 | 1,101.25 | 27-Jul-16 | 4,976 | 932.10 | 1-Jul-16 | 3,051 | 1,023.03 | 418,100 |
| 1 st Aug- 31 st Aug 2016 | 1,105.00 | 1-Aug-16 | 2,600 | 970.95 | 23-Aug-16 | 1,225 | 1,022.52 | 41,210 |
| 1 st Sep – 30 th Sep 2016 | 1,116.75 | 21-Sep-16 | 122,629 | 955.00 | 20-Sep-16 | 1,406 | 1,013.78 | 454,440 |
| 1 st Oct – 31 st Oct 2016 | 1,159.75 | 28-Oct-16 | 42,991 | 1,058.50 | 14-Oct-16 | 2,374 | 1,088.02 | 143,304 |
| 1 st Nov – 30 th Nov 2016 | 1,150.00 | 1-Nov-16 | 2,765 | 1,034.20 | 9-Nov-16 | 4,805 | 1,084.62 | 677,911 |

Source: www.bseindia.com

*Arithmetical average of closing prices

- The high, low and average market prices for the last three years (April to March periods) and the monthly high, low and average market prices for the six months preceding date of filing of Letter of Offer and the corresponding volumes on NSE are as follows:

| Period | High (Rs.) | Date of High | Number of Shares traded on that date | Low (Rs.) | Date of Low | Number of Shares traded on that date | Average Price* (Rs.) | Total volume traded in period |
|---|------------|--------------|--------------------------------------|-----------|-------------|--------------------------------------|----------------------|-------------------------------|
| 3 Years | | | | | | | | |
| FY16 (Apr 15 – Mar 16) | 989.00 | 21-Aug-15 | 100,937 | 541.00 | 1-Apr-15 | 45,361 | 760.09 | 13,675,207 |
| FY15 (Apr 14 – Mar 15) | 567.70 | 12-Mar-15 | 122,957 | 322.30 | 9-May-14 | 53,106 | 442.98 | 19,548,759 |
| FY14 (Apr 13 – Mar 14) | 425.00 | 20-Dec-13 | 18,176 | 240.00 | 28-May-13 | 2,586 | 320.80 | 9,461,410 |
| 6 months | | | | | | | | |
| 1 st Jun – 30 th Jun 2016 | 963.70 | 30-Jun-16 | 35,448 | 833.00 | 1-Jun-16 | 28,863 | 881.05 | 1,290,393 |
| 1 st July – 31 st July 2016 | 1,120.00 | 27-Jul-16 | 10,641 | 931.60 | 1-Jul-16 | 23,813 | 1,022.83 | 928,660 |
| 1 st Aug- 31 st Aug 2016 | 1,098.00 | 1-Aug-16 | 21,796 | 973.00 | 23-Aug-16 | 7,442 | 1,022.20 | 358,757 |
| 1 st Sep – 30 th Sep 2016 | 1,116.00 | 21-Sep-16 | 671,101 | 954.00 | 20-Sep-16 | 12,942 | 1,014.65 | 1,752,435 |
| 1 st Oct – 31 st Oct 2016 | 1,159.50 | 28-Oct-16 | 160,567 | 1,055.15 | 14-Oct-16 | 22,243 | 1,087.55 | 555,392 |
| 1 st Nov – 30 th Nov 2016 | 1,159.75 | 1-Nov-16 | 16,931 | 1,030.00 | 9-Nov-16 | 36,654 | 1,084.25 | 1,417,783 |

Source: www.nseindia.com

*Arithmetical average of closing prices

- Notice of the first Board Meeting convened to consider the proposal of the Buyback was given to the BSE and NSE on 20th September, 2016. The closing price of the Company's equity share on 20th September, 2016 on BSE was Rs. 959.20 and on NSE was Rs. 960.85. The Board, at its meeting held on 24th September, 2016, approved the proposal for the Buyback at a price not exceeding Rs. 1,175/- per share and the intimation was sent to BSE and NSE on the same day. The high and low market prices on BSE on 23rd September, 2016, (being the trading day previous to the day on which the Board Meeting was held to approve the Buyback) were Rs. 1,048 and Rs. 1,015 respectively and on NSE were Rs. 1,049 and Rs. 1,012 respectively. The Committee, at its meeting held on 25th November, 2016, determined the final buyback price as Rs. 1,150/- per share. The high and low market prices on BSE on 25th November, 2016, were Rs. 1,097.50 and Rs. 1,080.30 respectively and on NSE were Rs. 1,097.00 and Rs. 1,080.10 respectively

20. **STATUTORY APPROVALS**

The Buyback offer is subject to approvals, if any required, under the provisions of the Companies Act, the Buyback Regulations, FEMA and/or such other acts in force for the time being.

The Board at its meeting held on 24th September, 2016 approved the proposal for the Buyback.

The Buyback of Shares from non-residents ("NR") and Non Resident Indian ("NRI") shareholders will be subject to approvals, if any, of the appropriate authorities, including Reserve Bank of India (RBI), as applicable.

By agreeing to participate in the Buyback the NR and NRI shareholders give the Company the authority to make, sign, execute, deliver, acknowledge and perform all applications to file regulatory reportings, if required, including FC-TRS form, if necessary and undertake to provide assistance to the Company for such regulatory reporting, if required by the Company.

As of date, there is no other statutory or regulatory approval required to implement the Buyback, other than that indicated above. If any statutory or regulatory approval becomes applicable subsequently, the Buyback Offer will be subject to such statutory or regulatory approval(s). In the event of any delay in receipt of any statutory / regulatory approvals, changes to the proposed timetable of the Buyback Offer, if any, shall be intimated to the Stock Exchanges.

21. **REGISTRAR TO THE BUYBACK**

The Company has appointed the following as the Registrars to the Buyback:

| | |
|----------------|---|
| Name | : M/s Alankit Assignments Limited |
| Address | : Alankit Heights, 1E/13, Jhandewalan Extension, New Delhi, Delhi, 110055 |
| Contact Person | : Mr. J K Singla |
| Phone | : +91 11 4254 1960 |
| Fax: | : +91 11 4154 3474 |
| Email | : alankit.vtl@alankit.com, jksingla@alankit.com |

In case of any query, the shareholders may contact the Registrar during working hours i.e. 10 am and 4 pm all working days except Saturday, Sunday and public holidays

22. **COLLECTION CENTRE**

Eligible Shareholders are requested to submit their Form(s) and requisite documents either by registered post/ courier to the Registrar to the Buyback, superscribing the envelope as "Vardhman Textiles Buyback 2016", or hand deliver the same to the Registrar at the address mentioned in paragraph 21.

23. **PROCESS AND METHODOLOGY FOR THE BUYBACK**

1. The Company proposes to Buyback not exceeding 62,60,869 Equity Shares from all the existing Shareholders / beneficial owners of Equity Shares of the Company, on a proportionate basis, through the Tender Offer route at a price of Rs. 1,150/- (Rupees One Thousand One Hundred Fifty Only) per Equity Share, payable in cash for an aggregate amount of Rs. 719,99,99,350/- (Rupees Seven Hundred Nineteen Crores Ninety Nine Lacs Ninety Nine Thousand Three Hundred Fifty Only) (being less than 25% of the total paid-up equity capital and free reserves of the Company as per latest standalone audited balance sheet as on March 31, 2016). The maximum number of Equity Shares proposed to be bought back represents 9.84% of the total paid-up equity share capital of the Company. The Buyback is in accordance with Article 82 of the Articles of Association of the Company and subject to the provisions of Section 68 and all other applicable provisions, if any, of the Companies Act and in compliance with Buyback Regulations and subject to such other approvals, permissions and sanctions as may be necessary, from time to time from statutory authorities including but not limited to SEBI, Stock Exchanges, RBI etc.
2. The aggregate shareholding of the promoter / promoter group is 39,610,190 Equity Shares, which

represents 62.23% of the existing equity share capital of the Company. In terms of the Buyback Regulations, under the Tender Offer route, the promoters of a company have the option to participate in the Buyback. In this regard, the promoter entities as listed in clause 5 section 11 of this Letter of Offer have expressed their intention, vide their letter dated 24th September, 2016 to participate in the Buyback and offer upto an aggregate maximum of 50,52,873 Equity Shares or such lower number of Equity Shares as required in compliance with the Buyback Regulations/terms of the Buyback. Each promoter entity intends to offer upto their respective shareholding as on the Record Date, or such lower number of Equity Shares as required in compliance with the Buyback Regulations/ terms of the Buyback.

3. Assuming response to the Buyback Offer is to the extent of 100% from all the Shareholders upto their entitlement (full acceptance), post Buyback the aggregate shareholding of the promoter and promoter group will be 36,227,321 Equity Shares, representing 63.12% of the post Buyback equity share capital of the Company i.e an increase of 0.89% (rounded-off) from their present holding of 62.23% of the pre Buyback equity share capital of the Company.

4. **Record Date, ratio of Buyback and entitlement of each Shareholder**

- a. The Buyback Committee in its meeting held on 25th November, 2016 announced December 9, 2016 as the Record Date for the purpose of determining the entitlement and the names of the Shareholders, who are eligible to participate in the Buyback Offer.
- b. The Equity Shares proposed to be bought back by the Company shall be divided in two categories:
- Reserved category for Small Shareholders (“**Reserved Category**”); and
 - General category for all Shareholders other than Small Shareholders (“**General Category**”)
- c. As defined in the Buyback Regulations, a “Small Shareholder” is a Shareholder who holds Equity Shares having market value, on the basis of closing price on December 9, 2016 as on Record Date, of not more than Rs. 200,000/- (Rupees Two Lacs). As on the Record Date, the closing price on NSE, having the highest trading volume was Rs. 1,085.80 per Equity Share, accordingly all Shareholders holding not more than 184 Equity Shares as on the Record Date are classified as ‘Small Shareholders’ for the purpose of the Buyback Offer.
- d. Based on the above definition, there are 19,830 Small Shareholders with aggregate shareholding of 1,339,978 Shares, as on the Record Date, which constitutes 2.11% of the outstanding paid up equity share capital of the Company and 21.40% of the number of Equity Shares which are proposed to be bought back as part of this Buyback Offer.
- e. In compliance with Regulation 6 of the Buyback Regulations, the reservation for the Small Shareholders, will be 939,131 Equity Shares which is higher of:
- i. Fifteen percent of the number of Equity Shares which the Company proposes to Buyback i.e. 15% of 6,260,869 Equity Shares which works out to 939,131 Equity Shares; or
 - ii. The number of Equity Shares entitled as per their shareholding as on Record Date i.e. (1,339,978 /63,651,879) X6,260,869 which works out to 131,802 Equity Shares. All the outstanding Equity Shares have been used for computing the entitlement of Small Shareholders since the Promoters Group also intends to offer Equity Shares held by them in the Buyback.
- f. Accordingly, General Category shall consist of 62,311,901 Equity Shares.
- g. Based on the above, the entitlement ratio of Buyback for both categories is decided as below:

Category Entitlement Ratio of Buyback

| Category | Entitlement Ratio of Buyback* |
|-------------------|---|
| Reserved Category | 82 Equity Shares out of every 117 fully paid-up Equity Shares held on the Record Date |
| General Category | 79 Equity Shares out of every 925 fully paid-up Equity Shares held on the Record Date |

*The above Ratio of Buy-back is approximate and providing indicative Buy-back Entitlement. Any computation of entitled Equity Shares using the above Ratio of Buy-back may provide a slightly different number due to rounding-off. The actual Buy-back Entitlement for Reserved category for Small Shareholders is 70.0855536% and General category for all other Eligible Shareholders is 8.5404841%.

5. Fractional Entitlements

If the entitlement under Buyback, after applying the above mentioned ratios to the Equity Shares held on Record Date, is not a round number (i.e. not in the multiple of 1 Equity Share) then the fractional entitlement shall be ignored for computation of entitlement to tender Equity Shares in the Buyback Offer, for both categories of Shareholders.

On account of ignoring the fractional entitlement, those Small Shareholders who hold 1 or less Equity Shares as on Record Date, will be dispatched a Tender Form with zero entitlement. Such Small Shareholders are entitled to tender additional Equity Shares as part of the Buyback Offer and will be given preference in the Acceptance of one Equity Share, if such Small Shareholders have tendered for additional Equity Shares.

6. Basis of Acceptance of Equity Shares validly tendered in the Reserved Category

Subject to the provisions contained in this Letter of Offer, the Company will accept the Shares tendered in the Buyback Offer by the Small Shareholders in the Reserved Category in the following order of priority:

- a. Full acceptance of Shares from Small Shareholders in the Reserved Category who have validly tendered their Shares, to the extent of their Buyback Entitlement, or the number of Shares tendered by them, whichever is less.
- b. Post the acceptance as described in paragraph 23(6)(a), in case, there are any Shares left to be bought back in the Reserved Category, the Small Shareholders who were entitled to tender zero Shares (on account of ignoring the fractional entitlement), and have tendered Additional Shares, shall be given preference and one Equity Share each from the Additional Shares tendered by these Small Shareholders shall be bought back in the Reserved Category.
- c. Post the acceptance as described in paragraph 23(6)(a) and (b), in case, there are any validly tendered unaccepted Shares in the Reserved Category ("**Reserved Category Additional Shares**") and Shares left to be bought back in Reserved Category, the Reserved Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buyback Regulations, i.e. valid acceptances per Shareholder shall be equal to the Reserved Category Additional Shares by the Shareholder divided by the total Reserved Category Additional Shares and multiplied by the total number of Shares remaining to be bought back in Reserved Category. For the purpose of this calculation, the Reserved Category Additional Shares taken into account for such Small Shareholders, from whom one Equity Share has been accepted in accordance with paragraph 23(6)(b), shall be reduced by one.
- d. Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 23(6)(c), will be made as follows:
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

7. Basis of Acceptance of Equity Shares validly tendered in the General Category

Subject to the provisions contained in this Letter of Offer, the Company will accept the Shares tendered in the Buyback Offer by Shareholders (other than Small Shareholders) in the General Category in the following order of priority:

- a. Full Acceptance of Shares from Shareholders in the General Category who have validly tendered their Shares, to the extent of their Buyback Entitlement, or the number of Shares tendered by them, whichever is less.
- b. Post the acceptance as described in paragraph 23(7)(a), in case, there are any validly tendered unaccepted Shares in the General Category ("**General Category Additional Shares**") and Shares left to be bought back in General Category, the General Category Additional Shares shall be accepted in a proportionate manner and the acceptances shall be made in accordance with the Buyback Regulations, i.e. valid acceptances per Shareholder shall be equal to the General Category Additional Shares by the Shareholder divided by the

- total General Category Additional Shares and multiplied by the total number of Shares remaining to be bought back in General Category.
- c. Adjustment for fractional results in case of proportionate acceptance, as described in paragraph 23(7)(b), will be made as follows:
- For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

8. **Basis of Acceptance of Equity Shares between the two categories**

- a. After acceptances of tenders, as mentioned in paragraph 23(6) and 23(7), in case, there are any Shares left to be bought back in one category ("**Partially Filled Category**") and there are additional unaccepted validly tendered Shares ("**Further Additional Shares**") in the second category ("**Over Tendered Category**"), then the Further Additional Shares in the Over Tendered Category shall be accepted in a proportionate manner i.e. valid acceptances per Shareholder shall be equal to Further Additional Shares validly tendered by the Shareholder in the Over Tendered Category divided by the total Further Additional Shares in the Over Tendered Category and multiplied by the total Shares left to be bought back in the Partially Filled Category.
- b. If the Partially Filled Category is the General Category and the Over Tendered Category is the Reserved Category, then any Small Shareholder who has received a Tender Form with zero Buyback Entitlement and who has tendered Additional Shares shall be eligible for priority acceptance of one Equity Share before acceptance in paragraph 23(8)(a) out of the Shares left to be bought back in the Partially Filled Category provided no acceptance could take place from such Shareholder in accordance with paragraph 23(6)
- c. Adjustment for fraction results in case of proportionate acceptance, as defined in paragraph 23(8)(a):
- For any Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is greater than or equal to 0.50, then the fraction would be rounded off to the next higher integer.
 - For any Shareholder, if the number of Further Additional Shares to be accepted, calculated on a proportionate basis is not in the multiple of 1 and the fractional acceptance is less than 0.50, then the fraction shall be ignored.

In case of any practical issues, resulting out of rounding-off of Shares or otherwise, the Committee or any person(s) authorized by the Committee will have the authority to decide such final allocation with respect to such rounding-off or any excess of Equity Shares or any shortage of Equity Shares after allocation of Equity Shares as set out in the process described in section 23.

9. **For avoidance of doubt, it is clarified that, in accordance with the clauses above:**

- **Shares accepted under the Buyback from each Eligible Shareholder, shall be lower of the following:**
- the number of Shares tendered by the respective Shareholder and
 - the number of Shares held by the respective Shareholder, as on the Record Date.
- **Shares tendered by any Shareholder over and above the number of Shares held by such Shareholder as on the Record Date shall not be considered for the purpose of Acceptance.**

10. Clubbing of Entitlement

In order to ensure that the same shareholders with multiple demat accounts/ folios do not receive a higher entitlement under the Small Shareholder category, the Company will club together the equity shares held by such shareholders with a common Permanent Account Number ("PAN") for determining the category (Small Shareholder or General) and entitlement under the Buyback. In case of joint shareholding, the Company will club together the equity shares held in cases where the sequence of the PANs of the joint shareholders is identical. In case of physical shareholders, where the sequence of PANs is identical and where the PANs of all joint shareholders are not available, the Company will check the sequence of the names of the joint holders and club together the equity shares held in such cases where the sequence of the PANs and name of joint shareholders are identical. The shareholding of institutional investors like mutual funds, pension funds / trusts, insurance companies etc., with common PAN will not be clubbed together for determining the category and will be considered separately, where these equity shares are held for different schemes and have a different demat account nomenclature based on information prepared by the Registrar as per the shareholder records received from the depositories.

24.

PROCEDURE FOR TENDERING SHARES AND SETTLEMENT

1. The Buyback is open to all Equity Shareholders / beneficial owners of the Company holding Equity Shares either in physical and/or dematerialized form on the Record Date.
2. The Company proposes to effect the Buyback through Tender Offer route, on a proportionate basis. This Letter of Offer, outlining the terms of the Buyback Offer as well as the detailed disclosures as specified in the Buyback Regulations, will be mailed to Equity Shareholders of the Company whose names appear on the register of members of the Company, or who are beneficial owners of Equity Shares as per the records of Depositories, on the Record Date.
3. The Company will not accept any Equity Shares offered for Buyback where there exists any restraint order of a Court/ any other competent authority for transfer / disposal/ sale or where loss of share certificates has been notified to the Company or where the title to the Equity Shares is under dispute or otherwise not clear or where any other restraint subsists.
4. The Company shall comply with Regulation 19(5) of the Buyback Regulations which states that the Company shall not buyback locked-in Equity Shares and non-transferrable Equity Shares till the pendency of the lock-in or till the Equity Shares become transferrable.
5. Shareholders' participation in Buyback will be voluntary. Shareholders can choose to participate, in part or in full, and get cash in lieu of the Shares accepted under the Buyback or they may choose not to participate and enjoy a resultant increase in their percentage shareholding, post Buyback, without additional investment. Shareholders may also accept a part of their Buyback entitlement. Shareholders also have the option of tendering additional Shares (over and above their Buyback Entitlement) and participate in the shortfall created due to non-participation of some other Shareholders, if any. Acceptance of any Shares tendered in excess of the Buyback Entitlement by the Shareholder, shall be in terms of procedure outlined in section 23 of this Letter of Offer.
6. The maximum tender under the Buyback by any Shareholder cannot exceed the number of Equity Shares held by the Shareholder as on the Record Date.
7. The Buyback shall be implemented by the Company using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI vide circular CIR/CFD/POLICYCELL/1/2015 dated April 13, 2015 and following the procedure prescribed in the Companies Act and the Buyback Regulations and as may be determined by the Board (including the Committee authorized to complete the formalities of the Buyback) and on such terms and conditions as may be permitted by law from time to time.

8. For implementation of the Buyback, the Company has appointed Kotak Securities Limited as the registered broker to the Company (the "Company's Broker") to facilitate the process of tendering of Equity Shares through Stock Exchange Mechanism for the Buyback as described in this paragraph 24. In the tendering process, the Company's Broker may also process the orders received from the Shareholders. The contact details of the Company's Broker are as follows



Kotak Securities Limited
27 BKC, C 27, G Block,
Bandra Kurla Complex, Bandra (E), Mumbai 400051
Contact Person: Ms. Naaz Khan, Tel: +91 22 3030 5757, Email: Naaz.Khan@kotak.com
Ms. Purnima Mirani, Tel: +91 22 4285 8164, Email: Purnima.Mirani@kotak.com
Website: www.kotaksecurities.com
SEBI Registration No. NSE Capital Market: INB230808130; BSE Equity: INB010808153
CIN: U99999MH1994PLC134051

9. The Company will request BSE to provide the separate Acquisition Window to facilitate placing of sell orders by Shareholders who wish to tender Equity Shares in the Buyback. BSE would be the Designated Stock Exchange for this Buyback Offer. The details of the platform will be specified by BSE from time to time.
10. All Eligible Shareholders may place orders in the Acquisition Window, through their respective stock brokers ("Seller Member(s)").

In the event Seller Member(s) are not registered with BSE or if the Eligible Shareholder do not have any stock broker then that Eligible Shareholder can approach any BSE registered stock broker and can make a bid by using quick unique client code (UCC) facility through that BSE registered stock broker after submitting the details as may be required by the stock broker to be in compliance with the Buyback Regulations. In case Eligible Shareholder is not able to bid using quick UCC facility through any other BSE registered stock broker then the Eligible Shareholder may approach Company's Broker viz. Kotak Securities Limited, to bid by using quick UCC facility. The Eligible Shareholder approaching BSE registered stock broker (with whom he does not have an account) may have to submit following details:

In case of Eligible Shareholder being an individual

If Eligible Shareholder is registered with KYC Registration Agency ("KRA"): Forms required:

- Central Know Your Client (CKYC) form including FATCA, IPV, OSV if applicable
- Know Your Client (KYC) form Documents required (all documents self-attested):
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat Master /Latest Demat statement)

If Eligible Shareholder is not registered with KRA: Forms required:

- CKYC form including FATCA, IPV, OSV if applicable
- KRA form
- KYC form Documents required (all documents self-attested):
 - PAN card copy
 - Address proof
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may be required.

In case of Eligible Shareholder is HUF:

If Eligible Shareholder is registered with KYC Registration Agency ("KRA"): Forms required:

- Central Know Your Client (CKYC) form of KARTA including FATCA, IPV, OSV if applicable

- Know Your Client (KYC) form Documents required (all documents self-attested):
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat Master /Latest Demat statement)

If Eligible Shareholder is not registered with KRA: Forms required:

- CKYC form of KARTA including FATCA, IPV, OSV if applicable
- KRA form
- Know Your Client (KYC) form Documents required (all documents self-attested):
 - PAN card copy of HUF & KARTA
 - Address proof of HUF & KARTA
 - HUF declaration
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat master /Latest Demat statement)

It may be noted that other than submission of above forms and documents in person verification may be required.

In case of Eligible Shareholder other than Individual and HUF:

If Eligible Shareholder is KRA registered: Form required

- Know Your Client (KYC) form Documents required (all documents certified true copy)
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat master /Latest Demat statement)
- FATCA, IPV, OSV if applicable
- Latest list of directors/authorised signatories/partners/trustees
- Latest shareholding pattern
- Board resolution
- Details of ultimate beneficial owner along with PAN card and address proof
- Last 2 years financial statements

If Eligible Shareholder is not KRA registered: Forms required:

- KRA form
- Know Your Client (KYC) form Documents required (all documents certified true copy):
 - PAN card copy of company/ firm/trust
 - Address proof of company/ firm/trust
 - Bank details (cancelled cheque)
- Demat details only if Equity Shares are in demat mode (Demat Master /Latest Demat statement)
- FATCA, IPV, OSV if applicable
- Latest list of directors/authorised signatories /partners/trustees
- PAN card copies & address proof of directors/authorised signatories/partners/trustees
- Latest shareholding pattern
- Board resolution/partnership declaration
- Details of ultimate beneficial owner along with PAN card and address proof
- Last 2 years financial statements
- MOA/Partnership deed /trust deed

Additionally, registered Equity Shareholders holding Equity Shares in Physical form must also provide the documents mentioned in Paragraph 16 (a).

It may be noted that above mentioned list of documents is an indicative list. The requirement of documents and procedures may vary from broker to broker."

11. At the beginning of the tendering period, the order for buying Equity Shares shall be placed by the Company through the Company's Broker. During the Tendering Period, the order for selling the Shares will be placed in the Acquisition Window by Eligible Shareholders through their respective Seller Members during normal trading hours of the secondary market.
12. Seller Members can enter orders for demat Shares as well as physical Shares.
13. Modification / cancellation of orders and multiple bids from a single Shareholder will be allowed during the Tendering Period of the Buyback offer. Multiple bids made by single Shareholder for

...selling the Shares shall be clubbed and considered as 'one' bid for the purposes of Acceptance.

14. The cumulative quantity tendered shall be made available on BSE website - <http://www.bseindia.com> - throughout the trading session and will be updated at specific intervals during the Tendering Period.
15. **Procedure to be followed by Equity Shareholders holding Equity Shares in the dematerialised form**
 - a) Shareholders who desire to tender their Equity Shares in the dematerialised form under the Buyback would have to do so through their respective Seller Member by indicating to their Seller Member the details of Equity Shares they intend to tender under the Buyback.
 - b) The Eligible Shareholder / Seller Member would be required to transfer the number of Equity Shares by using the settlement number and the procedure prescribed by the Clearing Corporation of India Ltd. ("**Clearing Corporation**") for the transfer of the shares to the special account of Clearing Corporation before placing the bids/ orders and the same shall be validated at the of order entry. The details of the special account of Clearing Corporation shall be informed in issue opening circular that will be issued by BSE / Clearing Corporation.
 - c) For Custodian Participant orders for demat Shares, early pay-in is mandatory prior to confirmation of order by custodian. The custodian shall either confirm or reject the orders not later than closing of trading hours on the last day of the Tendering Period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed Custodian Participant orders, order modification shall revoke the custodian confirmation and the revised order shall be sent to custodian again for confirmation.
 - d) Upon placing the bid, the Seller Member shall provide a Transaction Registration Slip ('TRS') generated by the exchange bidding system to the Shareholder. TRS will contain the details order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered etc.
 - e) Eligible Shareholders who have tendered their Equity Shares in the Buyback can 'hand deliver' Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) in same order in which they hold the shares, along with the TRS generated by the exchange bidding system at the head-office (mentioned on the cover page and in section 21 of this Letter of Offer) of Registrar to the Buyback Offer. TRS will be generated by the respective Seller Members. Equity Shareholders who cannot hand deliver the Tender Form and other documents at the head-office of Registrar to the Buyback Offer, may send the same by registered post / speed post, at their own risk, superscribing the envelope as "Vardhman Textiles Buyback Offer 2016", to the Registrar to the Buyback Offer at their office mentioned on the cover page of this Letter of Offer, so that the same are received not later than 2 (two) days from the Closing Date i.e. January 19, 2017 (by 5 PM).
 - f) Eligible Shareholders shall also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of the Tender Form to be sent. Such documents may include (but not be limited to):
 - i. Duly attested power of attorney, if any person other than the Eligible Shareholder has signed the Tender Form;
 - ii. Duly attested death certificate and succession certificate/ legal heirship certificate/court approved scheme of merger/amalgamation for a company, in case any Eligible Shareholder has expired; and
 - iii. In case of companies, the necessary certified corporate authorizations (including board and/ or general meeting resolutions).
 - g) In case any registered entity that has merged with another entity and the merger has been approved and has come into effect but the process of getting the successor company as the registered shareholder is still incomplete, then such entity along with the Tender Form file a copy of the following documents:
 - i. Approval from the appropriate authority for such merger;
 - ii. The scheme of merger; and
 - iii. The requisite form filed with MCA intimating the merger.
 - h) In case of non-receipt of the completed Tender Form and other documents, but receipt of Shares in the special account of the Clearing Corporation and a valid bid in the exchange bidding system, the Buyback shall not be deemed to have been accepted, for demat Shareholders.

- i) The Eligible Shareholders will have to ensure that they keep the DP Account active and unblocked to receive credit in case of return of Equity Shares due to rejection or due to prorated buyback decided by the Company.
- j) The acceptance from all non-resident Shareholders (excluding FIIs) is subject to the Company receiving the permission received by them from the RBI to acquire the Equity Shares held by them in the Company. In case the Equity Shares are held on repatriation basis, the non-resident Shareholder should obtain and deliver to the Company a letter from its authorised dealer / bank confirming that at the time of acquiring such Equity Shares, payment for the same was made by the non-resident Shareholder from the appropriate account as specified by RBI in its approval. In case the non-resident Shareholder is not in a position to produce the said certificate, the shares would be deemed to have been acquired on non-repatriation basis and in that case the Shareholder shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid shares accepted under the Buyback. If any of the above stated documents (as applicable) are not sent across to the Company, the Equity Shares tendered under the Buyback are liable to be subsequently rejected.

16. Procedure to be followed by Registered Equity Shareholders holding Equity Shares in Physical form

- a) Shareholders who are holding physical Equity Shares and intend to participate in the Buyback be required to approach their respective Seller Member along with the complete set of documents for verification procedures to be carried out including the:
 - i. The Tender Form duly signed (by all Equity Shareholders in case shares are in joint names) the same order in which they hold the shares.
 - ii. Original share certificates
 - iii. Valid share transfer form(s) (SH-4) duly filled and signed by the transferors (i.e. by all registered Shareholders in same order and as per the specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favor of the Company
 - iv. Self-attested copy of the Shareholder's PAN Card
 - v. Any other relevant documents such as (but not limited to):
 - Duly attested Power of Attorney if any person other than the Equity Shareholder has signed the relevant Tender Form
 - Notarized copy of death certificate and succession certificate or probated will, as applicable, if the original Shareholder has deceased
 - Necessary corporate authorisations, such as Board Resolutions etc., in case of companies
 - vi. In addition to the above, if the address of the Shareholder has undergone a change from the address registered in the Register of Members of the Company, the Shareholder would be required to submit a self-attested copy of address proof consisting of any one of the following documents: valid Aadhar Card, Voter Identity Card or Passport.
- b) Seller Member should place bids on the Acquisition Window with relevant details as mentioned on the physical share certificate(s). Upon placing the bid, the Seller Member shall provide a Transaction Registration Slip ('TRS') generated by the Exchange Bidding System to the Shareholder. TRS will contain the details of order submitted like Folio No., Certificate No., Distinctive No., No. of Equity Shares tendered etc.
- c) In case any registered entity that has merged with another entity and the merger has been approved and has come into effect but the process of getting the successor company as the registered shareholder is still incomplete, then such entity along with the Tender Form file a copy of the following documents:
 - i. Approval from the appropriate authority for such merger;
 - ii. The scheme of merger; and
 - iii. The requisite form filed with MCA intimating the merger.
- d) After placement of bid, as mentioned in paragraph 24(16)(b), the Seller Member must ensure delivery of Tender Form, TRS, original share certificate(s), valid share transfer form(s) & other documents (as mentioned in paragraph 24(16)(a)) either by registered post or courier or hand delivery to the Registrar and Transfer Agent ('RTA') (at the address mentioned on the cover page and mentioned in paragraph 21 of this Letter of Offer) not later than 2 (two) days from the Closing Date i.e. January 19, 2017 (by 5 PM). The envelope should be superscribed as "Vardhman Textiles Offer 2016". One copy of the TRS will be retained by RTA and it will provide acknowledgement of the same to the Seller Member.

- e) Shareholders holding physical shares should note that physical Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Shares for Buyback by the Company shall be subject to verification as per the Buyback Regulations and any further directions issued in this regard. RTA will verify such bids based on the documents submitted on a daily basis and till such time the NSE shall display such bids as 'Unconfirmed Physical Bids'. Once, RTA confirms the bids it will be treated as 'Confirmed Bids'.
- f) In case any person has submitted Equity Shares in physical form for dematerialisation, such Equity Shareholders should ensure that the process of getting the Equity Shares dematerialized is completed well in time so that they can participate in the Buyback Offer before Closing Date.

17. **For Equity Shares held by Eligible Shareholders, being Non-Resident Shareholders of Equity Shares (Read with paragraph 0 "DETAILS OF THE STATUTORY APPROVALS"):**

- a) Eligible Shareholders, being Non-Resident Shareholders of Equity Shares (excluding FIIs) shall also enclose a copy of the permission received by them from RBI, if applicable, to acquire the Equity Shares held by them.
- b) In case the Equity Shares are held on repatriation basis, the Non-Resident Eligible Shareholder shall obtain and enclose a letter from its authorised dealer / bank confirming that at the time of acquiring such Equity Shares, payment for the same was made by the non-resident Eligible Shareholder from the appropriate account (e.g. NRE a/c.) as specified by RBI in its approval. In case the Non-Resident Seller is not in a position to produce the said certificate, the Equity Shares would be deemed to have been acquired on non-repatriation basis and in that case the Non-Resident Seller shall submit a consent letter addressed to the Company, allowing the Company to make the payment on a non-repatriation basis in respect of the valid Equity shares accepted under the Buyback.
- c) If any of the above stated documents (as applicable) are not enclosed along with the Tender Form, the Equity Shares tendered under the Buyback are liable to be rejected.

18. **In case of non-receipt of this Letter of Offer:**

- a) **In case the Equity Shares are in dematerialised form:** An Eligible Shareholder may participate in the Offer by downloading the Tender Form from the website of the Company i.e. www.vardhman.com or by providing their application in writing on plain paper, signed by all Equity Shareholders, stating name & address of Shareholder(s), number of Equity Shares held as on the Record Date, Client ID number, DP Name/ID, beneficiary account number and number of Equity Shares tendered for the Buyback.
- b) **In case the Equity Shares are in physical form:** An Eligible Shareholder may participate in the Offer by providing their application in writing on plain paper signed by all Equity Shareholders stating name, address, folio number, number of Equity Shares held, share certificate number, number of Equity Shares tendered for the Buyback Offer and the distinctive numbers thereof, enclosing the original share certificate(s), copy of Equity Shareholders' PAN card(s) and executed share transfer form in favour of the Company. The transfer form SH-4 can be downloaded from the Company's website www.vardhman.com. Equity Shareholders must ensure that the Tender Form, along with the TRS and requisite documents (as mentioned in paragraph 24(16)(a)), reach the Registrar not later than 2 (two) days from the Closing Date i.e. January 19, 2017 (by 5 PM). If the signature(s) of the Equity Shareholders provided in the plain paper application differs from the specimen signature(s) recorded with the Registrar of the Company or are not in the same order (although attested), such applications are liable to be rejected under this Buyback Offer.

Please note that Eligible Shareholder(s) who intend to participate in the Buyback will be required to approach their respective Seller Member (along with the complete set of documents for verification procedures) and have to ensure that their bid is entered by their respective Seller Member or broker in the electronic platform to be made available by BSE before the Closing Date.

The Company shall accept Equity Shares validly tendered by the Shareholder(s) in the Buyback on the basis of their shareholding as on the Record Date and the Buyback Entitlement. Eligible Shareholder(s) who intend to participate in the Buyback using the 'plain paper' option as mentioned in this paragraph are advised to confirm their entitlement from the Registrar to the Buyback Offer, before participating in the Buyback.

19. The Non-receipt of this Letter of Offer by, or accidental omission to dispatch this Letter of Offer to any Eligible Shareholder, shall not invalidate the offer to any person who is eligible to receive this offer under the Buyback.
20. The acceptance of the Buyback Offer made by the Company is entirely at the discretion of the Equity Shareholders of the Company. The Company does not accept any responsibility for the decision of any Equity Shareholder to either participate or to not participate in the Buyback Offer. The Company will not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Equity Shareholders are advised to adequately safeguard their interest in this regard.
21. **Method of Settlement**
- Upon finalization of the basis of acceptance as per Buyback Regulations:
- 1) The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
 - 2) The Company will pay the consideration to the Company's Brokers on or before the pay-in date for settlement. For Equity Shares accepted under the Buyback, the Seller Member / Custodian Participant will receive funds payout in their settlement bank account. The Seller Members / Custodian Participants would pay the consideration to their respective clients. The payment of consideration to all Shareholders validly participating in the Buyback will be made in Indian National Rupees.
 - 3) The Equity Shares bought back in the demat form would be transferred directly to the escrow account of the Company (the "**Demat Escrow Account**") provided it is indicated by the Company's Brokers or it will be transferred by the Company's Broker to the Demat Escrow Account on receipt of the Equity Shares from the clearing and settlement mechanism of the Stock Exchange.
 - 4) Excess demat shares or unaccepted demat Shares, if any, tendered by the Shareholders would be returned to the respective Seller Members by Clearing Corporation as part of the exchange payout process, not later January 25, 2017. In case of Custodian Participant orders, excess demat shares or unaccepted demat Shares, if any, will be returned to the respective Custodian Participant. The Seller Members / Custodian Participants would return these unaccepted shares to their respective clients on whose behalf the bids have been placed.
 - 5) Physical Shares, to the extent tendered but not accepted, will be returned back to the Shareholders directly by RTA. The Company will issue a new single share certificate for all the unaccepted physical shares and return the same to the sole/first Shareholder (in case of joint Shareholders). Share certificates in respect of unaccepted / rejected Shares and other documents, if any, will be sent by Registered Post / Speed Post at the Shareholders' sole risk to the sole/first Shareholder (in case of joint Shareholders), at the address recorded with the Company, not later than January 25, 2017.
 - 6) Every Seller Member, who puts in a valid bid on behalf of an Eligible Shareholder, would issue a contract note & pay the consideration for the Equity Shares accepted under the Buyback and return the balance unaccepted demat Equity Shares to their respective clients. Company's Broker would also issue a contract note to the Company for the Equity Shares accepted under the Buyback.
22. Shareholders who intend to participate in the Buyback should consult their respective Seller Members for payment to them of any cost, charges and expenses (including brokerage) that may be levied by the Seller Member upon the selling Shareholders for tendering Equity Shares in the Buyback (secondary market transaction). The Buyback consideration received by the selling Shareholders from their respective Seller Members, in respect of accepted Equity Shares, could be net of such costs, charges and expenses (including brokerage) and the Company accepts no responsibility to bear or pay such additional cost, charges and expenses (including brokerage) incurred solely by the selling Shareholders.
23. The Equity Shares lying to the credit of the Demat Escrow Account and the Equity Shares bought back and accepted in physical form will be extinguished in the manner and following the procedure prescribed in the Regulations.

24. Rejection Criteria

The Equity Shares tendered by Eligible Shareholders would be liable to be rejected on the following grounds:

For Eligible Shareholders holding shares in the dematerialized form if:

- a) the Shareholder is not a Eligible Shareholder of the Company as on the Record Date; or
- b) If there is a name mismatch in the dematerialised account of the Shareholder.

For Eligible Shareholders holding Equity Shares in the physical form if:

- a) The documents mentioned in the Tender Form for Eligible Shareholders holding Equity Shares in physical form are not received by the Registrar on or before the close of business hours January 19, 2017 by 5:00p.m.;
- b) If there is any other company share certificate enclosed with the Tender Form instead of the share certificate of the Company;
- c) If the transmission of Equity Shares is not completed, and the Equity Shares are not in the name of the Eligible Shareholders;
- d) If the Eligible Shareholders bid the Equity Shares but the Registrar does not receive the physical Equity Share certificate; or
- e) In the event the signature in the Tender Form and Form SH-4 do not match as per the specimen signature recorded with Company or Registrar.

25.

NOTE ON TAXATION

SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR THE APPLICABLE TAX PROVISIONS INCLUDING THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE ASSESSING OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE COMPANY DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE.

Given below is a broad summarization of the applicable sections of the Income-tax Act, 1961 relating to treatment of income-tax in case of Buyback of listed equity shares on the stock exchange, which is provided only as a guidance.

1. CLASSIFICATION OF SHARES AND SHAREHOLDERS

- a) **Based on the provisions of the Income Tax Act, shares can be classified under the following two categories:**
 - i. Shares held as investment (Income from transfer taxable under the head "Capital Gains")
 - ii. Shares held as stock-in-trade (Income from transfer taxable under the head "Profits and Gains from Business or Profession")
- b) **Based on the provisions of the Income Tax Act, shareholders can be classified under the following categories:**
 - a. **Resident Shareholders being:**
 - Individuals, HUF, AOP and BOI
 - Others
 - b. **Non Resident Shareholders being:**
 - NRIs
 - FIIs
 - Others:
 - Company
 - Other than Company

2. SHARES HELD AS INVESTMENT

- a) For non-residents, taxability of capital gains would be subject to beneficial provisions of applicable Double Taxation Avoidance Agreement ("DTAA").
- b) The taxability as per the provisions of the Income Tax Act is discussed below.
- c) To determine the nature of capital gains as to whether the capital gains are short-term or long-term in nature, as per the provisions of the Income Tax Act:
 - i. Where a capital asset, being listed equity shares of the Company being bought back, is held for a period of less than or equal to 12 months prior to the date of transfer, the same shall be treated as a short-term capital asset, and the gains arising therefrom shall be taxable as short-term capital gains (STCG).

- ii. Similarly, where listed equity shares are held for a period of more than 12 months prior to the date of transfer, the same shall be treated as a long-term capital asset, and the gains arising therefrom shall be taxable as long-term capital gains (LTCG).
- d) Capital gains on buyback of shares are governed by the provisions of section 46A of the Income Tax Act. As per the provisions of section 46A, buyback of shares held as investment, would attract capital gains in the hands of shareholders as per provisions of section 48 of the Income Tax Act.

Buyback of shares through a recognized stock exchange

- e) Where transaction for transfer of such equity shares (ie buyback) is entered into through a recognized stock exchange and such transaction is chargeable to Securities Transaction Tax (STT), the taxability is as under (for all categories of shareholders):
 - i. LTCG arising from such transaction would be exempt under section 10(38) of the Income Tax Act; and
 - ii. STCG arising from such transaction would be subject to tax @ 15% under section 111A of the Income Tax Act.

Further, in case of resident Individual or HUF, the benefit of maximum amount which is not chargeable to income-tax is considered while computing the tax on such STCG.

In addition to the above STCG tax, Surcharge, Education Cess and Secondary and Higher Education Cess are leviable as under:

- In case of foreign companies and FII: Surcharge @ 5% is leviable where the total income exceeds Rs. 10 crores and @ 2% where the total income exceeds Rs.1 crore but is less than or equal to Rs. 10 crores. Education Cess @ 2% and Secondary and Higher Education Cess @ 1% on Income Tax is leviable in all cases.
- In case of other non-resident assesseees (i.e. other than foreign companies): Surcharge @ 12% is leviable where the total income exceeds Rs.1 crore. Further, Education Cess @ 2% and Secondary and Higher Education Cess @ 1% on Income Tax is leviable in all cases.
- In case of domestic companies: Surcharge @ 12% is leviable where the total income exceeds Rs. 10 crores and @ 7% where the total income exceeds Rs. 1 crore but is less than or equal to Rs. 10 crores is leviable in all cases.
- In case of resident assesseees (i.e. other than domestic companies): Surcharge @ 12% is leviable where the total income exceeds Rs.1 crore. Also, Education Cess @ 2% and Secondary and Higher Education Cess @ 1% on Income Tax is leviable.

3. SHARES HELD AS STOCK-IN-TRADE

- a) If the shares are held as stock-in-trade by any of the Shareholders of the Company, then the gains would be characterized as business income. In such a case, the provisions of section 46A of the Income Tax Act would not apply.
- b) Resident Shareholders
 - i. For individuals, HUF, AOP, BOI, profits would be taxable at slab rates.
 - ii. For persons other than individuals, HUF, AOP, BOI profits would be taxable @ 30%. No benefit of indexation by virtue of period of holding would be available in any case. In addition to the above, in the case of domestic companies, Surcharge @ 12% is leviable where the total income exceeds Rs. 10 crores and @ 7% where the total income exceeds Rs. 1 crore. In all other cases, Surcharge @ 12% is leviable where the total income exceeds Rs. 1 crore but is less than or equal to Rs. 10 crores. Education Cess @ 2% and Secondary and Higher Education Cess @ 1% on Income Tax is leviable in all cases.
- c) Non Resident Shareholders
 - i. For Non Residents, taxability of profits as business income would be subject to beneficial provisions of applicable DTAA.
 - ii. Where DTAA provisions are not applicable:
 - For non-resident individuals, HUF, AOP, BOI, profits would be taxable at slab rates
 - For foreign companies, profits would be taxed in India @ 40%
 - For other non-resident shareholders, such as foreign firms, profits would be taxed in India @ 30%

In addition to the above, in the case of foreign companies, Surcharge @ 5% is leviable where the total income exceeds Rs. 10 crores and @ 2% where the total income exceeds Rs. 1 crore. In all other cases, Surcharge @ 12% is leviable where the total income exceeds Rs. 1 crore. Education Cess @ 2% and Secondary and Higher Education Cess @ 1% is leviable in all cases.

4. TAX DEDUCTION AT SOURCE

- a) In case of Resident Shareholders
In absence of any specific provision under the Income Tax Act, the Company shall not deduct tax on the consideration payable to resident shareholders pursuant to the said Buyback.
- b) In the case of Non Resident Shareholders
Since the Buyback is through the stock exchange, the responsibility of discharge of the tax due on the gains (if any) is on the non-resident shareholder. It is therefore recommended the non-resident shareholder may consult their custodians/ authorised dealers/ tax advisors appropriately.

5. THE TAX RATE AND OTHER PROVISIONS MAY UNDERGO CHANGES.

26.

DECLARATION BY THE BOARD OF DIRECTORS

1. The Board of Directors confirm that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
2. The Board of Directors confirm that based on a full enquiry conducted into the affairs and prospects of the Company and taking into account all the liabilities including prospective and contingent liabilities payable as if the Company were being wound up under the Companies Act, 1956, and/ or the Companies Act, 2013, the Buyback Committee of the Board of Directors have formed an opinion that;
 - a) Immediately following the date of the Letter of Offer, there are no grounds on which the Company could be found unable to pay its debts
 - b) As regards its prospects for the year immediately following the date of the Letter of Offer that, having regard to their intentions with respect to the management of the Company's business during the said year and to the amount and character of the financial resources which will be available to the Company during the said year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date.
 - c) In forming its opinion aforesaid, the Board has taken into account the liabilities (including prospective and contingent liabilities) as if the Company were being wound up under the provisions of the Companies Act

This declaration is made and issued the Committee under the authority of the Board of Directors in terms of the resolution passed at the meeting held on 24th September, 2016.

For and on behalf of the Board of Directors of the Company

Sd/-

Sd/-

S.P. OSWAL
Chairman & Managing Director
DIN: 00121737

SACHIT JAIN
Joint Managing Director
DIN: 00746409

In addition, the Company has also confirmed that it is in compliance with section 159, 207 and 211 of the Act.

27. **AUDITOR'S CERTIFICATE**

The contents of the Report dated 24th September, 2016 received from, the Statutory Auditors of the Company addressed to the Board of Directors is reproduced below:

Quote

To,
The Board of Directors
Vardhman Textiles Ltd
Chandigarh Road, Ludhiana,
Punjab, 141010

Dear Sirs,

Re: Proposed Buyback of Equity Shares

In connection with the proposed Buyback of Equity Shares by Vardhman Textiles Limited (the 'Company') as approved by the Board of Directors at its meeting held on 24th September, 2016, in pursuance of the provisions of Section 68 of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (the "Buyback Regulations"); and based on the information and explanations given to us which were to the best of our knowledge and belief necessary for this purpose, we report that:

1. We have enquired into the state of affairs of the Company in relation to its audited accounts for the year ended March 31, 2016.
2. The amount of permissible capital payment (including premium) for the proposed buy back of equity shares as computed in the table below is properly determined in our view in accordance with Section 68(2) of the Act. The amounts of share capital and free reserves have been extracted from the audited financial statements of the Company for the year ended March 31, 2016.

| Particulars as on March 31, 2016 | A | Amount (Rs. in crores) |
|--|-----|------------------------|
| Paid up capital Equity shares of Rs. 10/- each) | A | 63.65 |
| Free Reserves: | | |
| Profit and loss account balance | | |
| Securities Premium | | 1,512.51 |
| General reserve | | 209.90 |
| Total Free Reserves | | 1,863.02 |
| Total paid up capital and free reserves | B | 3,585.43 |
| Maximum amount permissible under the Act/ Buyback Regulations with Shareholder approval :- 25% of total paid-up equity capital and free reserves, if the buyback is carried through tender offer route (in accordance with Chapter III of the Buyback Regulations and section 68(2)(c) of the Act) | A+B | 3,649.08 |
| Maximum amount permitted by Board Resolution dated 24 th September, 2016 approving Buyback, subject to shareholder approval, based on the audited accounts for the year ended March 31, 2016. | | 912.27 |
| | | 720.00 |

3. The Board of Directors of the Company, in their meeting held on 24th September, 2016 have formed their opinion as specified in clause (x) of Schedule I to the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 on reasonable grounds, that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from that date.

We have not performed an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items thereof, for the purpose of this report. Accordingly we do not express such opinion.

This report has been issued at the request of the Company solely for use of the Company in relation to filling information with the explanatory statement to the notice for special resolution and in connection with the proposed buyback of equity shares of the Company and may not be suitable for any other purpose.

Date: 24th September, 2016

Place: Ludhiana

For S.C.Vasudeva & Co.
Chartered Accountants
Firm Regn.No.00235N
Sanjiv Mohan
Partner
086066

Unquote

28.

MATERIAL DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the Buyback at 27BKC, Plot no. C-27, 1st floor, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai- 400 051 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm up to the date of closure of the Buyback.

- a) Copy of the Certificate of Incorporation and the Memorandum and Articles of Association of Vardhman Textiles Limited
- b) Copy of the annual reports of Vardhman Textiles Limited for the years ended March 31, 2014, March 31, 2015 and March 31, 2016;
- c) Copy of the resolution passed by the Board of Directors at the meeting held on 24th September, 2016 approving proposal for Buyback;
- d) Copy of Certificate dated 24th September, 2016 received from S.C. Vasudeva & Co., in terms of clause (xi) of Part A to Schedule II of the Buyback Regulations;
- e) Copy of Declaration of solvency and an affidavit in form SH-9 as prescribed under section 68(6) of the Companies Act;
- f) Copy of Escrow Agreement dated November 16, 2016 between Vardhman Textiles Limited, Kotak Mahindra Bank, Mumbai and Kotak Mahindra Capital Company, confirming that Rs. 7,20,00,000/- (Rupees Seven Crores Twenty Lacs Only) is kept in escrow account and a lien has been marked on the amount in favour of the Manager to the Buyback Offer and a certificate dated November 18, 2016 from Kotak Mahindra Bank, Mumbai confirming the balance to the credit of Escrow Account;
- g) Copy of Security Agreement dated November 16, 2016 between Vardhman Textiles Limited and Kotak Mahindra Capital Company
- h) Copy of DP Escrow Agreement dated November 16, 2016 between Vardhman Textiles, Kotak Mahindra Capital Company and Alankit Assignments Limited
- i) Copy of the certificate from Naresh Batra & Co., dated November 16, 2016 certifying that the Company has adequate funds for the purposes of Buyback of 62,60,869 Equity Shares at the price of Rs.1,150/- per Equity Share;
- j) Copy of Public Announcement published in the newspapers on November 28, 2016 regarding Buyback of Equity Shares;
- k) Copy of SEBI observation letter no. CFD/DCR/OW/2016/34315 dated December 21, 2016;

29.

INVESTOR SERVICE CENTER AND COMPLIANCE OFFICER

The Company has designated the following as the Compliance Officer for the Buyback:

| | |
|-------------|---|
| Name | : Ms. Karan Kamal Walia |
| Designation | : Company Secretary |
| Address | : Vardhman Textiles Limited |
| | : Chandigarh Road, Ludhiana, |
| | : Punjab, 141010 |
| Tel | : +91 161 2228 943 |
| Email id | : secretarial.lud@vardhman.com; kwalia@vardhman.com |

In case of any clarifications or to address investor grievance, the Shareholders may contact the Compliance Officer, from Monday to Friday between 10 am to 5 pm on all working days, at the above mentioned address

30. **REMEDIES AVAILABLE TO SHAREHOLDERS/ BENEFICIAL OWNERS**

In case of any grievance relating to the Buyback (e.g. non-receipt of the Buyback consideration, share certificate, demat credit etc.) the investor can approach the Compliance Officer for redressal.

If the Company makes any default in complying with the provisions of Section 68 of the Companies Act or any rules made there-under, or any regulation or under clause (f) of subsection (2) of Section 68 of the Companies Act, the Company or any officer of the Company who is in default shall be punishable with imprisonment for a term and its limit, or with a fine and its limit or with both in terms of the Companies Act.

The address of the concerned office of the Registrar of Companies is as follows:
Registrar of Companies, Chandigarh
Corporate bhawan, Plot No.4 B, Sector 27 B, Madhya Marg, Chandigarh – 160019

31. **MANAGER TO THE BUYBACK**

The Company has appointed the following as Manager to the Buyback:



| | |
|---------------------------------|---|
| Name | : Kotak Mahindra Capital Company Limited |
| Address | : 27BKC, 1st floor, Plot no. C-27, "G" Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051 |
| Phone | : +91 22 22 4336 0128 |
| Fax | : +91 22 22 6713 2447 |
| Email | : project.vardhmanbuyback@kotak.com |
| Contact Person | : Mr. Ganesh Rane |
| SEBI Registration Number | : INM000008704 |

32. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors of the Company accepts responsibility for all the information contained in this Letter of Offer. This Letter of Offer is issued under the authority of the Board.

For and on behalf of all members of the Board of Directors
of Vardhman Textiles Limited

Sd/-

Sd/-

Sd/-

S.P.OSWAL
Chairman & Managing Director
DIN: 00121737

SACHIT JAIN
Joint Managing Director
DIN: 00746409

NEERAJ JAIN
Joint Managing Director
DIN: 00340459

Date: December 21, 2016
Place: Ludhiana